

WORLD NEWS
Spanish air controllers strike off

Air traffic controllers at Barcelona's El Prat airport called off a 24-hour strike scheduled to begin this morning.

The move came after Spanish authorities agreed to give the 140 controllers back-pay for special services. Holdouts may still face delays because Britain's air traffic control computer engineers have started an overtime ban and work-to-rule.

Police launch hunt for IRA unit

Police in Britain are hunting an IRA unit and have begun a large security operation for next month's Tory party conference in Blackpool.

Fears of a terrorist attack have intensified since the arrest of three people in connection with incidents at the Ulster home of Ulster Secretary Tom King. The Home Office has granted a 48-hour extension in the detention of the three who must be charged or released on Sunday.

Arrests in S Korea

South Korean police arrested more than 350 workers accused of taking part in violent strikes at occupied plants at Ulsan and Puyong, near Seoul. Page 3

Portuguese rail collision

Two passenger trains crashed in the Algarve region of southern Portugal, killing five people and injuring 28 others.

Battles in Lebanon

Six people were killed and 21 wounded in fighting between members of Lebanon's Syrian Nationalist Social Party in battles in villages in north Lebanon.

21 die in bus crash

A packed bus plunged off a mountain highway into a deep valley in a suburb of Taipei in Taiwan, killing 21 people and injuring 21.

Electricians sign deal

The electricians' union has signed a new strike-free single-union deal in south Wales in spite of an informal TUC pact to limit such agreements. Page 5

Soldiers charged

Four Scottish soldiers and two ex-soldiers have been charged in connection with an alleged series of assaults and indecent committed assaults in Caledonian in February.

50 UN staff 'missing'

Some 50 United Nations staff are detained, imprisoned or reported missing and some have even died in detention, said a UN human rights report. Most of the cases have occurred since 1984.

Scargill rejects code

Arthur Scargill, president of the National Union of Mineworkers, rejected British Coal's amendment to its disciplinary code, increasing the likelihood that the union's executive will back industrial action. Page 8

Actress fined

Actress Maria Aitken, sister of Tory MP Jonathan Aitken, was fined £500 in London for smuggling cocaine into Britain.

Blast in Belgium

One woman died and four other people were missing after an explosion demolished part of an apartment block in the Belgian city of Ghent.

MARKETS

DOLLAR

New York lunchtime:

DM 1.7920

FFr 6.0145

Yen 141.90

London:

DM 1.7950 (1.7952)

FFr 6.0075 (6.0025)

Yen 141.70 (141.0)

Dollar index 100.2

Tokyo close Yen 141.45

US LUNCHTIME RATES

Fed Funds 7%

3-month Treasury Bills:

yield: 8.48%

Long Bond: 9.4%

yield: 8.45%

GOLD

New York Comex Dec latest

\$472

London: \$465.25

Chief price changes yesterday: Back Page

BUSINESS SUMMARY
Guinness
Mahon plan dropped

GUINNESS PEAT GROUP has abandoned a controversial multi-million pound plan to buy in a management team to run its merchant banking subsidiary, Guinness Mahon.

The deal has been the subject of a war of words between GPT and Equitco, the New Zealand banking and investment group, which launched a 110p-a-share bid, valuing the UK company at £33m. Back Page

A SERIES of worldwide takeovers followed by a rise in the US Federal Reserve discount rate gave UK markets

A brief Fed statement said: "The decision reflects the intent of the Federal Reserve to deal effectively and in a timely way with potential inflationary pressures."

Analysts noted that the specific language appeared to be aimed at reassuring financial markets that the new Fed chairman, Dr Alan Greenspan, would be determined to implement his predecessor, Mr Paul Volcker.

The absence of any mention of the dollar reinforced their view that US policy-makers believe the dollar may have to fall further to turn round the record US trade deficit.

Financial markets had

Discount rate raised as US reacts over inflationary pressure

BY LIONEL BARBER IN WASHINGTON AND PHILIP STEPHENS IN LONDON

THE Federal Reserve, citing concern about inflationary pressures in the US economy, yesterday raised its key discount rate to 8 per cent from 5.5 per cent, effective immediately.

The rise in the discount rate—the first since April 1984—ended a series of steady declines and came amid renewed downward pressure on the value of the dollar. Major US banks, following suit, raised their prime lending rate from 8.25 per cent to 8.75 per cent.

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expected a Fed discount rate increase for more than a week.

After an initial upturn in the dollar against the West German mark and Japanese yen yesterday the markets started to discount the Fed move to 8 per cent. Higher energy prices coupled with weaker dollar ended with little change on Thursday's levels.

The Fed's timing—on the eve of the long Labor Day weekend—appeared to be linked to US employment figures which showed a worrying build up in wage inflation

Last month, the Administration Confirmed on Back Page

Half a point may not save the dollar, Page 7; Currencies, Page 12; Lex, Back Page

plenty to consider. The FT Ordinary Index rose 7.6 to 1782.1 and the FT-SE 100 index was up 6.8 to 2,274.9. Markets, Page 12

MANAGERS OF Consolidated Gold Fields, the UK mining, finance and aggregates group, and US-based Newmont Mining—the target for a \$600 (\$3.66m) bid from Texas oilman, Mr T. Boone Pickens, and in which ConsGold holds a 26 per cent stake—are due to meet this weekend at Glenrothes, Scotland. ConsGold says the "technical seminar" is unrelated to the bid.

REG WARD, chief executive of the London Docklands Development Corporation since its creation in 1981, is to step down at the end of the year. Mr Ward has been closely involved with the Docklands Light Railway, the redevelopment of Canary Wharf and the planned London City Airport.

BLUE CIRCLE Industries, the UK cement company, reported pre-tax profits up 4% per cent to £59.7m in spite of a price war in the US that hit profits of Williams Bros, its Atlanta subsidiary. Page 4; Lex, Back Page

ALAN BOND, the Australian brewing magnate, has submitted a \$1.2bn (£755m) takeover offer for G. Heileman of Wisconsin, the fourth-largest beer maker in the US. Back Page

MACARTHY, pharmaceutical wholesaler and retailer, is to double its size with the acquisition of 242.6m of the Drummond Pharmacy Group from drinks group Guinness, which is dropping off its non-core activities. Page 5

NEC, the electronics concern, is to be the first Japanese company to make cellular mobile telephones in Britain. Back Page

THE SCOTTISH National Investment Trust, part of the Garvock Stable, is to undertake an innovative restructuring in order to take pre-emptive action against potential predators.

DE BEERS Central Selling Organisation is to raise the price of rough uncut diamonds by 10 per cent from next month because of the buoyant market for gem diamonds. Page 2

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THE BRITISH Electric & Traction

UK NEWS

Investors to pay £34m for Sphere Drake

BY NICK BUNKER

ALEXANDER & ALEXANDER Services, the world's second biggest insurance broker, has found a buyer for the London-based Sphere Drake group of insurance companies which it acquired when it bought Alexander Howden, the Lloyd's insurance broker, in 1982.

Alexander & Alexander said a group of investors including Sphere Drake's existing managers and Dai-Ichi Fire and Marine, a Japanese insurer, had offered a price of £34m for the group, based on its estimated book value.

The offer's terms are complex, however, and would involve A & A in indemnifying the purchasers against any further deterioration in Sphere Drake's results arising from insurance business written before 1986.

The other investors in the group of purchasers are Centre Investors, an affiliate of Lazard Frères, the investment bank, and Electra, the British invest-

ment trust.

Alexander and Alexander said any estimated loss incurred on the disposal would be less than \$10m (£6.2m). Subject to completion of documentation, A & A's management intends to recommend acceptance of the offer to the A & A board before the end of September.

Sphere Drake has required big infusions of capital from Alexander and Alexander at various times since 1982, because of heavy losses arising from its involvement in North American casualty insurance.

The Sphere Drake group includes five companies altogether. They made a pre-tax profit of £2.8m in 1986, after a loss of £1.7m in the preceding year. Their gross assets of £226.4m. The sale of Sphere Drake would mark "a significant step" in A & A's global withdrawal from insurance underwriting, said Mr Peter Tritton of Alexander Howden.

Sphere Drake has been up for sales for some time.

Traders complain about Connect card

BY HUGO DIXON

RETAIL CONSORTIUM, the shopkeepers' trade association, has reopened the controversy over Barclays Bank's new debit card by writing to the Office of Fair Trading to complain about how the bank is treating small retailers.

The consortium argues that Barclays is using its monopoly position in the credit card market to force retailers into accepting Connect at unreasonable high charges. It says small retailers are being discriminated against.

The focus of the consortium's complaint is that Barclays is implicitly threatening any retailer who refuses to accept Connect, which carries the Visa brand name, with expulsion from the Visa credit card network.

"The risk of loss of custom to its competitors, particularly the large multiple, is one which [the smaller retailer] cannot afford to take," the consortium

said in a statement.

Mr Michael Wilsey, of the consortium, said some retailers were therefore being pressurised into accepting the card even though they thought the charges were too high.

Mr Wilsey admitted that most large retailers had negotiated satisfactory deals with Barclays.

Some smaller retailers that had high-value transactions, such as jewellers and furniture stores, were also happy with the charges because their payment was guaranteed.

Small retailers with low-value transactions averaging less than £10 each were not happy, he claimed. They were paying 15p-25p for each transaction compared with about 13p for cheque processing and saw few extra benefits from Connect.

Barclays denied using threats of expulsion during its negotiations with retailers over Connect. It said most retailers had accepted the card.

Glaxo opens two ulcer drug plants

By LYNTON MEDIN

GLAXO, the manufacturing subsidiary of Glaxo, opened two pharmaceutical plants yesterday in Scotland to double production of its drug for treating ulcers.

The plants, at Montrose, Angus, and Ayrshire, Dumfrieshire, were built for £28m in the past three years. Glaxo's largest single investment. They make ranitidine, the active ingredient in treatment of peptic ulceration.

Glaxo claims that the Zantac drug, based on ranitidine, is the best-selling pharmaceutical in the world.

The drug was launched six years ago from a plant at Montrose.

The new investment, and other projects, created 90 jobs at Annan and 30 at Montrose.

Motorway plan to ease queues in Birmingham

Financial Times Reporter

BRITISH oil companies, is reviewing plans for test drilling in central Manchester after analysing seismic data collected last year.

The company said exploratory drilling would not start until the latter part of next year. It would depend on a firm decision by the company and consultations with the local authority.

If the drilling were to go ahead, it would be the first in a UK city centre, although test wells have been sunk in York and there is one oil-producing well in Los Angeles.

Brill said that although drilling rigs were large, the difficulties of drilling in built-up areas were not insuperable, provided a large enough site could be found.

Oil companies have not recently been doing much exploratory drilling on the UK mainland, except that the Zeta relief road was "a significant step" towards easing the traffic problems in the region.

Work on the new road might begin in four years, subject to consultations, objections and representations.

Laker appeal rejected

By MICHAEL DONNE, AEROSPACE CORRESPONDENT

AN ATTEMPT by pilots and other former employees of the now liquidated Laker Airways to bring anti-trust proceedings against British Airways and other transatlantic airlines, after Laker's collapse in 1982, has failed.

The US Court of Appeals for the District of Columbia has rejected an appeal by the former Laker employees against an earlier decision against them by the US District Court.

The pilots and other employees had sought damages under the US anti-trust laws, on the ground that they had

Peugeot returns to net profit in first half

By KENNETH GOODING,
Motor Industry Correspondent

PEUGEOT TALBOT, the UK subsidiary of the French vehicles group, made £5.7m net profit in the first half of this year. Mr Geoffreay Whalen, managing director, forecast yesterday that a modest profit for 1987 as a whole would follow.

In the first six months of 1986, Peugeot Talbot lost £8.5m. For the full year, the loss was £14.9m.

Mr Whalen hoped the company would be profitable in 1987 although it had had to cover the costs of two significant changes in the second half.

Peugeot Talbot is to close its operation in Coventry, which makes kits for Iran, with the loss of the last 50 jobs. The Iranians were unwilling to devote any resources to the state-owned Peugeot car venture.

At the same time, the company faces the one-off cost of putting the Peugeot 405 model into production at Ryton, near Coventry, by October and launching it on the UK market.

However, benefits have come from a strong performance in the UK new car market. Peugeot Talbot's share in the first half improved to 4.7 per cent from 4.4 per cent in the same period of 1986 and in August it achieved 5.4 per cent.

"We expect to hold the August level for the rest of the year," said Mr Whalen.

Peugeot Talbot's first-half turnover, which improved from £13.6m to £37.5m although it sent 7,000 fewer kits to Iran, was helped not only by improved car sales in the UK but also by some exports of the 309 model to Belgium, the Netherlands and West Germany.

There was an operating profit of £9.3m in the first half compared with a loss of £1.2m in the same months of 1986. Net interest cost fell from £5.1m to £3.6m this year.

Mr Whalen said Peugeot Talbot could expect a continuing improvement in its financial results in 1988.

He said the company, which has made a profit in only two of the past 15 years, "can look to a profitable future."

Britoil plans Manchester test drilling

Financial Times Reporter

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Coutts co-operating with DTI investigation

By Our Financial Staff

NATIONAL Westminster Bank said yesterday that Coutts & Co, its prestige banking subsidiary, was operating "to the fullest possible extent" with a Department of Trade and Industry investigation.

The investigation is believed to concern possible insider trading in shares of WPP, the advertising group, in which a 10 per cent stake was acquired by Saatchi and Saatchi in 1986. The DTI said it did not comment on its inquiries.

The earlier allegations, that BA and other airlines conspired to drive Laker out of business, were settled in July 1985, by an out-of-court payment of \$42m by BA and other airlines to the liquidator of Laker Airways.

The airlines paid another \$3m to Sir Freddie Laker (former chairman of Laker Airways), and \$3m to Sir Freddie's and the liquidator's lawyers.

Labour left wing plans its own conference

By JOHN HUNT

A CONFERENCE to draw up a revised programme of left-wing policies is to be held in Chesterfield, the constituency of Mr Tony Benn, three weeks after the Labour Party's annual conference in Brighton.

It will be seen as a counter-attack by the left against the policies being advocated by Mr Bryan Gould. Labour's campaign co-ordinator during the election, who has been urging the need for the party to occupy the centre ground of politics.

But yesterday Mr Benn said it would be a campaign for ideas and was not an attempt by the left to capture the internal machinery of the party.

"If we are going to have a policy review then it needs to have a strong Socialist input," he said.

The conference, which is expected to draw at least 500 people, has been called by the

Nick Bunker reports on growing company fears of vulnerability to foreign predators

Looking for insurance against hostile bids

by WHATEVER HIS plans for Equity and Law, the life assurance group, Mr Ron Brierley, the New Zealand entrepreneur, has made history. He may also have brought to a climax anxieties felt by some of the UK's biggest insurance companies about their vulnerability to foreign predators.

Not since the late 1960s, when Mr Jim Slater was named most often as a potential bidder, has a British life company been the target of a hostile takeover. Eagle Star was the subject of a bid battle in 1983-85 between Allianz, the German insurer, and BAT Industries. However, Eagle Star was primarily a non-life insurer.

The last actual case was that of Scottish Life, which in 1987 discovered that one of Mr Slater's associates had built up a secret stake through the Department of Trade and Industry.

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UK NEWS-LABOUR

Electricians' no-strike deal defies TUC pact

BY PHILIP BASSETT, LABOUR EDITOR

LEADERS of the EETPU electricians' union have signed a new strike-free, single-union deal in spite of the informal pact by the TUC General Council voluntarily to limit reaching such agreements while it is carrying out its planned review of union organisation.

The signing of the new deal with an electronics company in South Wales immediately puts under strain unions' willingness to modify their conduct while the TUC review, which its annual Congress in Blackpool is expected to approve on Monday, is under way.

News of the new deal is likely to add to sharp criticism of the electricians' deal which is expected to be voiced at the TUC next week.

South Wales officials of the EETPU signed the deal this week with Mechanical Industries (Wales), a newly established electronics components company based in Briton Ferry near Port Talbot, which manufactures video recording heads and other parts for companies like Hitachi and Orion, with which the electricians also have strike-free agreements. Local officials of the TGWU transport union competed with

the EETPU to reach an agreement with the company, but the electricians believe their deal—which features the strike-substitute mechanism, pendulum arbitration—is unlikely to be referred by the TGWU to the TUC's inter-union disputes committee, since they claim the

TGWU had no members at the previous non-union company.

The EETPU will also defend its deal because the agreement was put this week to a ballot of the company's 100-strong workforce. Of those taking part, 57 (85 per cent of those voting) agreed to accept the deal.

and 10 (15 per cent) voted against.

The signing of the agreement is a clear indication that the EETPU intends to continue making its controversial strike-free deals where possible.

Mr Wyn Bevan, EETPU executive member for Wales, said

of the TUC's informal agreement: "I am not involved in the machinations taking place nationally in the TUC. If an employer, and employees after consultation and in a secret ballot, wish me to conclude agreements of this sort which bring more industry into South Wales, I will do so."

The company said it was "extremely pleased" with its deal with the electricians. Mr Andrew Goodwin, personnel manager, said: "We wanted to have a union presence, but we also wanted a sensible union arrangement—and all the signs were that the EETPU would be able to offer that."

Move to set up equal rights department

THE TUC looks set to establish for the first time an equal rights department in a move designed immediately to defuse a possible row at next week's TUC Congress over a call to set up a women's department.

Leaders of the health service union Cohe are asking the TUC to set up within Congress House, the TUC's headquarters, a separate department staffed by women and solely to deal with women's issues.

Mr Norman Willis, TUC general secretary, made clear to the TUC General Council in Blackpool that such a move might place the TUC in conflict with the equal opportunities provisions of employment law.

Instead, Mr Willis drew up a statement to be presented to next week's Congress proposing, without any conditions on staffing, the establishment of a properly resourced equal rights department before next year's TUC women's conference in March.

Although some Cohe officials had been adamant the union would not accept the notion of an equal rights, as opposed to a women's department, the union supported the statement when the General Council backed it by 34 votes to 1, the opposer being Mr Arthur Scargill, president of the National Union of Mineworkers.

Employers' pay move angers lecturers

BY DAVID BRINDLE, LABOUR CORRESPONDENT

A MOVE by the employers to break the deadlock in the long-running college lecturers' pay dispute has sparked a row both with the lecturers' union and among education authorities.

Mr John Pearman, the former Labour minister, has accused the Labour-led negotiators of "a classic ploy used by Tory ministers [that is] contrary to the basic principles of good trade union and labour relations."

He refers to a decision by the employers' leaders to publish and send to lecturers, via education authorities, a phased pay offer worth an overall 9.3 per cent.

Natfhe, the lecturers' union, said yesterday it was not consulted or informed about the move. Mr David Trieman, its negotiations officer, said: "Any attempt to go over the heads of trade unions will inevitably deepen a volatile situation."

Mr Pearman, leader of Wakefield District Council, said: "I believe unilateral action such as this will only inflame an already volatile situation."

Lecturers want a rise to keep

abreast of schoolteachers and university dons. The offer, worth 7.1 per cent, is tied to changes in work practices so that colleges and polytechnics can offer more flexible training courses for industry.

Natfhe banned overtime in the past two terms and plans more disruption, possibly by trying to snarl up college administration as the academic year starts this autumn.

Mr Pearman is asking the main local authority associations to refer the dispute to Acas, the conciliation service. "Under no circumstances" will he allow the employers' leaders to be circulated in Wakefield colleges.

The office of Mr Neil Fletcher, who succeeded Mr Pearman as employers' leader in the further and higher education sector, said it was extremely important that individual lecturers had access to full details of a "generous offer."

In a coup earlier this year Mr Fletcher also succeeded Mr Pearman as employers' leader in the primary and secondary schools sector.

which brought forward cases of violence against civil servants at work, including a CS gas attack against a benefit office, fire bombs, a rape and murder in government establishments.

The Council of Civil Service Unions, representing 500,000 white-collar civil servants, called for urgent talks with the government on the problem, and demanded new training procedures be brought in.

The CCSU revealed the level of violence claimed against staff following a seminar on the issue by all its unions

prominent cases: an unemployed benefit office in the north in which a disgruntled claimant sprayed CS gas on the staff; a fire bomb in a Leeds benefit office; a tax collector attacked with a hammer while working in London's Barton Garden Jewellers area; a rape of a staff worker at a DHSS custodial centre; a murder, some years ago, of a DHSS visiting officer.

Though the CCSU did not want to disclose the names of individual civil servants involved, it listed a number of

in expanding economic sectors were employing a disproportionate number of white workers in South Africa.

He said the unpublished research demonstrated that more whites than blacks had been employed between 1978 and 1983 by several leading finance and insurance companies and by at least one high-technology manufacturer.

Mr Charles Cochrane, CCSU general secretary, told the conference that research carried out for the union had shown that British companies

should be made and the legal position of trustees advocating such a course.

Unions representing employees of Racal Deco, a subsidiary of the Racal electronics group, are expected to propose an overtime ban to try to get the company to reverse its decision to have a two-year pension contributions "holiday."

Mr John Northard, British Coal's operations director, said that Mr Scargill's suggestion that it had made no change to its position was "totally untrue." It had responded to all the points made by the NUM, he said.

Training call by civil servants

BY OUR LABOUR STAFF

CIVIL service union leaders yesterday disclosed a "horrible catalogue of violence" against civil servants at work, including a CS gas attack against a benefit office, fire bombs, a rape and murder in government establishments.

The CCSU statement said: "At one extreme, civil servants have been murdered, raped, beaten, firebombed, beaten, and tortured in their offices, homes, and workplaces. But it is an everyday occurrence that civil servants are abused and threatened both at and away from work simply because of the job they try to do on behalf of the government."

Though the CCSU did not want to disclose the names of individual civil servants involved, it listed a number of

men."

The conference discussed criteria for identifying companies in which no investments should be made and the legal position of trustees advocating such a course.

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Pension fund may quit SA

BY DAVID BRINDLE, LABOUR CORRESPONDENT

PENSION FUND trustees in membership of the GMB general union met yesterday to plan co-ordinated pressure on their funds to end investment in South Africa.

About 60 of the GMB's 170 fund trustees attended the Manchester conference, described by the union as the first of its kind.

Mr John Edmonds, GMB general secretary, told the conference that research carried out for the union had shown that British companies

in expanding economic sectors

were employing a disproportionate number of white workers in South Africa.

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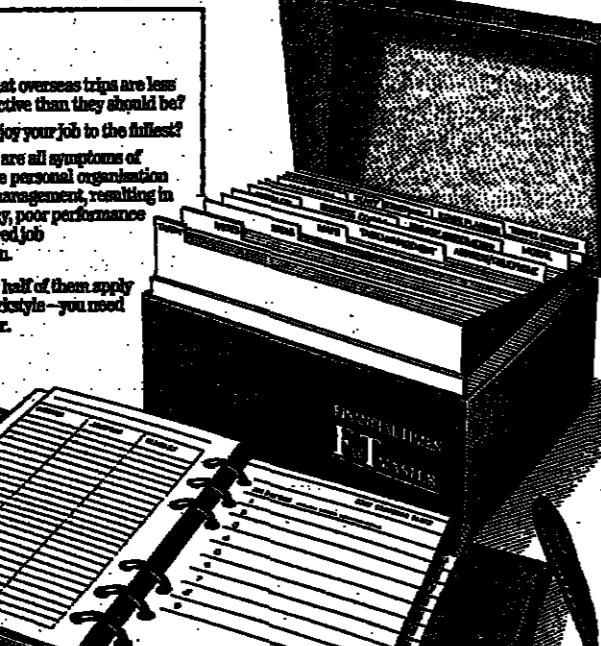
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Saturday September 5 1987

A tale of two currencies

AT FIRST sight, the US and Britain are just two weak-currency countries confronting the same dilemma with the same policies. Both have current account deficits (although on a vastly different scale) and have some reason to fear domestic over-heating and consequent inflation; and both have raised domestic short-term interest rates, stating that the reasons were domestic.

The results, however, have been very different. Sterling has been very firm since the rate rise, and especially since the Chancellor went out of his way to say that he was prepared to use the reserves to support the rate. The dollar, however, rallied for only a few minutes after the half-point rise in the official discount rate yesterday. Dealers quickly concluded that half a point, which simply brings the official rate back in line with the market-determined Federal Funds Rate, was not enough.

It was probably not meant to be enough. The new Fed chairman, Dr Alan Greenspan, has maintained a studied silence since he took over from Mr Paul Volcker a month ago, but just before his appointment he was more outspoken. At a business conference in the US he gave his view that the dollar might have to fall another 10 per cent or more before a solid long-term decline in the current account could be achieved. The market has been trying to discover for some time now how far his views have changed since he became the official inflation fighter of the US; no answer has yet emerged.

Political demands

Dr Greenspan's private-sector views were based on his work as a respected economic forecaster; his official policies are now constrained by political demands. There is a political reason why the Administration may still welcome a decline in the dollar, provided that it can be attributed to the market. (British politicians, as older readers will remember, used to blame their troubles on the Gnomes of Zurich, who are no longer heard from.)

The first is of course that Dr Greenspan is not alone in thinking that a lower exchange rate will be needed in the end. Although there is now a satisfying rise in the physical volume of US exports, which can probably not be accelerated very much in the immediate future, the sheer scale of the improvement required in the US merchandise account is enormous.

Since the US will soon reach an overseas debt of some \$1,000bn, in place of a large net asset position in 1980, its long-term aim must be not only to reduce the current merchant-

dise deficit, running at some \$150bn, but to achieve a surplus of almost the same scale.

This will involve more than doubling export volumes; unless imports are also reduced. It would be the biggest transformation that had ever been imposed on a large economy, and would require an absolute assurance of long-term cost competitiveness to motivate the effort and the investment required.

Japanese history

shows that it can be done (and indeed that the habit can be hard to break); but it requires a complete change of outlook in US industry, which has traditionally concentrated almost entirely on its enormous domestic market.

That is the long-term argument for further depreciation;

but there are also pressing short-term arguments, which are only too familiar. Protectionist sentiment is still strong in Congress, although the US task would be almost to the impossible in a protectionist world; and the US trade partners are seen as dragging their feet on policy co-ordination.

Capital losses

This argument, which goes back to the first dollar crisis of 1971, has never been resolved; both Japan and still more Germany seem to the Americans to rely on US willingness to borrow to keep their economies afloat.

The issue was originally put by Governor Heller of the Federal Reserve: "If we can't grow together, well shrink together."

Falling any response to these demands, the Americans seem satisfied for the time being to let the central banks of their reluctant partners finance the US deficit through exchange market intervention — and probably to suffer large capital losses as a consequence.

A side-effect, oddly enough, is to provide more liquidity for the irrepressible world-wide bull market in financial assets. This has been taking a breather in recent weeks; but given the background of crisis in the Gulf, not to mention the first Japanese casualty of reckless corporate speculation, this must be seen as a pretty robust performance.

What remains clear is that it is still the massive inflows of capital through current account imbalances, amplified by exchange market intervention, which determine both exchange rates and equity market levels, and which also finance the consumer spending that is keeping the world economy reasonably buoyant.

Devaluation usually means higher profits, while a tight exchange rate objective constrains them; but it also means exchange losses for external investors.

BACK IN the summer, the leaders of Britain's trade unions faced a ticklish choice. Charles Price III, the US ambassador in London, invited them to a reception at his elegant official residence in Regent's Park. But, on the very same night, they had also been called to sample the hospitality at the Soviet embassy in Hyde Park.

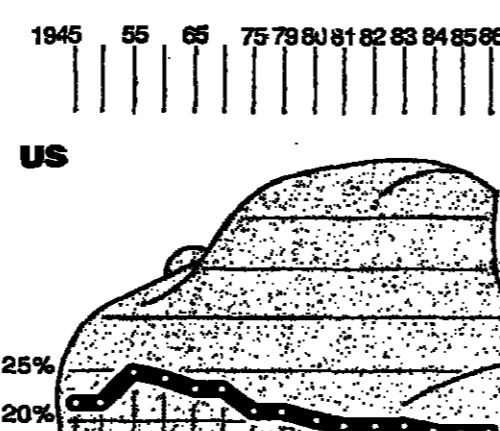
Formally, the Russians won. But, after downing the vodka, Mr Norman Willis, TUC general secretary, and other union leaders slipped back to the US party to make sure that they mingled with the cousins as well as the colleagues.

An overall union membership in the UK continues to decline, as the unions are further stripped of their national role and influence, as non-unionism surges, as de-unionisation starts (just about) to become a feasible option for employers, what looms large for unions in Britain is the example — both attractive and appalling — of trade unionism in the US. How far towards the American model are British unions heading?

Next week's 119th TUC congress in gaudy Blackpool will be its most Americanised yet. Last year's was a trial run: glossier, smoother than any previous Congress, the unions put their best face for the coming general election. This year, with Labour's third successive defeat at its back, the planned shew of next week's TUC event is all for itself, its members,

a continuation of the shift from manufacturing to service industries; more small companies; low technology, with resulting low skill requirements and low pay; little growth in blue-collar manual work but an increase in white-collar jobs.

● Industrial and economic structure: there has been a continuing shift from the old industrial heartlands of the north to the sunbelt states of the south and south-west; a surplus labour supply in the older areas, prompting employers to push for change; government deregulation, leading to the widespread privatisation of operations and a sharp increase in competition; moves to de-



BRITAIN AND THE USA
Proportion of workforce in unions

vices and finance; any increases or consolidations of union membership mainly confined to the public sector; a lack of women at senior levels; public perception of unions as undemocratic, even corrupt.

Two points stand out in this.

First — though some US commentators dispute it — the suggestion is that all these factors are inherently more likely to lead to lower levels of unionisation. And second, every one of these changes is happening in the UK.

In its labour market policies, the UK Government — invigorated by its renewed electoral mandate — takes much of US practice as its model. Lord Young, the Conservative's previous Employment Secretary and still a highly influential voice on employment issues, openly admires the lack of relationships among US entrepreneurs have with their workforces.

Much of the impetus behind the Government's drive towards a more flexible labour market also has its roots in US-style "business unionism".

This increased flexibility is expected to materially improve the working environment.

● Unions highly fragmented, often leading to intense inter-union competition; variable resources, but tighter operating budgets necessitating more limited organising and recruitment drives; low membership in specific sectors, such as ser-

vice and finance; any increases or consolidations of union membership mainly confined to the public sector; a lack of women at senior levels; public perception of unions as undemocratic, even corrupt.

● Employers' greater professionalism among personnel managers, enabling the adoption of techniques to circumvent unionised workers to increase their willingness to deploy stringent labour laws; a move away from large companies to smaller units.

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organising when organising drives are mounted.

There is nothing yet along these lines in the UK, though Mr Willis has seized on the willingness to change, which follows Labour's electoral defeat and the upheaval in the labour market, to put forward a set of radical proposals for a union prioritises which draw much of their inspiration from the US.

His notion of centrally coordinated organising drives in non-union sectors of the UK has been tried — and largely failed — in non-union parts of the US, such as the southern sunbelt.

But though militancy may still be an option for the NUM, it is no longer a consideration for most unions. Apart from two motions from the Militant-led CPSA civil servants' union, no motion at all calls for industrial action to be taken by anyone, over anything. Campaigns, yes; public awareness, certainly. Strikes, no thanks.

The TUC is urging that the US example of the hard but sophisticated sell is one which unions in the UK should adopt.

But this is clearly not without its dangers: it has not stopped the US unions' lengthy decline to the point where they represent only 18 per cent of the workforce. Mr Gavin Laird, general secretary of the AEU engineering workers, believes that if UK union membership — now at 37 per cent of the workforce — dips to 30 per cent or less, then it will inevitably slip further to match US unionisation levels.

Stopping the rot, then, is what next week's TUC Congress is about for the unions, finding a way to haul themselves off what may seem increasingly like a long slide towards oblivion. The decline of organised labour in the US has been a chastening experience for the unions there. The gamble for their counterparts in the UK is whether transplanted American methods will provide a way to prevent it happening here.

For the first time in TUC history, commercialism will be not only allowed but encouraged

unionise employees, even in places and industrial sectors which have traditionally been strongly unionised.

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Man in the News

T. Boone Pickens

A good ol' boy in need of a fast buck

By James Buchan



Mr Pickens found his formula: pick an oil company where the stock market has underpriced the assets because of its low regard for management, buy into its stock, threaten the company with takeover, attack management for squandering stockholders' money on perks or self-aggrandisement. And sell out at a profit.

At the beginning, it was like shooting driven birds — and both Mr Pickens and his second wife, Bea, are excellent shots.

When Gulf ran into the arms of Chevron, Mesa and its partners made \$780m in profits. Then things got tougher.

Phillips, the Oklahoma company that gave young Boone his first job, mobilised against him as a corporate raider. From Phillips, he says he culled just \$5m. He was widely thought to have lost money in his raid on Unocal, the West Coast oil company, in 1985: he claims he made twice as much as from Phillips after tax.

The blood Mr Pickens drew

caused a frenzy among the oil companies. The Gulf/Chevron merger was just one of several big combinations as more powerful oil companies sought to conceal his self-enrichment. In a manager quite common in America, he is genuinely sanctimonious.

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FOR THE FIRST time, in Montreal next week, the European Community will propose pre-emptive action on a potential—although still unproven—environmental problem.

The occasion will be a meeting of the United Nations Environmental Programme, called to discuss a convention, drawn up in Vienna in 1985, for the protection of the ozone layer. The 12 EC nations will call with one voice for a freeze on the manufacture of chlorofluorocarbons (CFCs) at 1986 levels of production, to be followed by a reduction of perhaps 20 per cent.

No-one is sure whether CFCs are really damaging the atmosphere. Even now, US aircraft—including the U-2, the high-flying spyplane of the 1960s—are overflying Antarctica in some of the latest research into the issue. But British Environment Department officials are pleased that for once there is widespread agreement that something can and should be done to prevent matters worsening while scientists determine whether CFCs are an environmental problem.

What they fear is that CFCs—a man-made family of chemicals now widely used in more affluent countries—may be attacking the ozone in the stratosphere, 10-50 kilometres above the earth. We know that the few parts per million of ozone—a very active form of oxygen—present naturally in the stratosphere have a vital role in absorbing ultraviolet radiation from the sun. And any general increase in ultraviolet radiation reaching the earth owing to ozone depletion in the upper atmosphere could have dramatic consequences for all living things—not least people, where a rise in skin cancer is one of the most likely effects.

Ozone in the atmosphere is important for at least four different reasons. It shields life on earth from excess solar radiation. But in so doing, it also absorbs energy, so any big changes in its absorptive capacity will affect the circulation of the atmosphere and hence the earth's climate.

A third reason is that ozone in the troposphere is a "greenhouse gas." Like carbon dioxide, methane, nitrous oxide and CFCs, ozone strongly absorbs infra-red radiation, whether coming from the sun or radiated by the earth. Any change in this region of the atmosphere could have important climatic consequences on earth.

The fourth reason is the ozone at ground level, far from being the tonic of travel writers, is actually a toxin, damaging to human health and recently implicated in damage to forests in northern Europe and North America.

The first realisation that human activities might permanently damage nature's radiation shield came with a scare in 1971. It was suggested that exhaust gases from fleets of high-flying supersonic airliners might eat up the ozone. Official investigations in Britain, France and the US concluded that there would be three, even from the aircraft numbers projected for the mid-1970s.

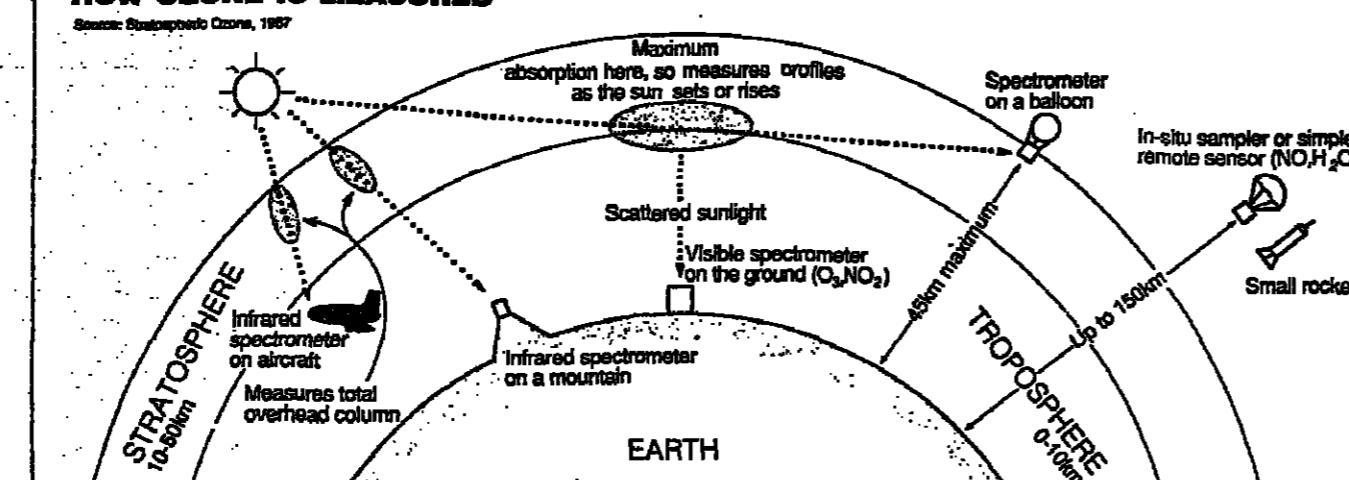
The next scare postulated that CFCs waited to be decomposed by the action of solar radiation, releasing free chlorine which would attack the ozone.

CFCs, at ground level, are highly reactive substances—one reason why they are so valuable. But by the same token will hang around somewhere and there was reason to think they might accumulate in the stratosphere.

CFCs were first introduced in the 1930s, but the expansion in their use took place in the 1960s and production peaked in the early 1970s. Every time you squirt an aerosol deodorant or blob of cream, you release a CFC, which provides the propellant gas. Every time you crush a McDonald's takeaway carton you release a CFC, the gas used to form its insulating pores. Commercial refrigeration uses huge quantities of CFCs for the storage of food. The electronics industry uses them extensively as solvents.

In 1985, the UN Environmental Programme began to organise its Convention for the Protection of the Ozone Layer, which was finally agreed in Vienna in March 1985.

David Fishlock reports on problems with the ozone layer



The case for a freeze in the greenhouse

tion shield came with a scare

In a report just published, Britain's latest team of advisers, the Stratospheric Ozone Review Group, say general interest in the ozone layer and the possible threat to it from man's activities since 1984 has grown rapidly, even from the aircraft numbers projected for the mid-1970s.

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In 1985, the UN Environmental Programme began to organise its Convention for the Protection of the Ozone Layer, which was finally agreed in Vienna in March 1985.

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But obtaining wider agreement among present producer nations could open opportunities for non-signatories to encourage "CFC havens," from which CFCs could be exported to the main users as well as serving the aspirations of the developing world.

The fact is, at present there is no substitute for CFCs in their main uses, such as contact with food, where they are accepted as extremely safe.

McDonald's has earned kudos for saying it will abandon CFCs in its takeaway cartons, but has not said when or how. It may take many years to demonstrate the safety of any alternative.

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UK COMPANY NEWS

IBC agreed £98m offer for Barham

BY PHILIP COGGAN

International Business Communications, business publisher and conference organiser, is making a recommended £98m offer for Barham, publishing, and financial services group.

The group has publishing interests in common IBC concentrates on specialist newsletters such as International Insider, the Euromarket weekly, while Barham has become best known for the investor tipsheds Fleet Street Letter and the Penny Share Guide.

Mr Michael Bell, IBC's chairman, sees substantial opportunities to cross-sell conferences and publications to the combined group's total of nearly 500,000 subscribers and delegates.

However, unlike IBC, Barham is involved in a wide range of fields, with publishing providing about 40 per cent of last year's pre-tax profits of £15m. A third comes from advertising and market research and the remainder is split between property services and typesetting. Last month, the group further expanded its range through the acquisition of the Hornbuckle Mitchell group of financial services companies.

IBC and Barham were both formed from shell companies. IBC reversed into the listed Irish engineering group RTD in November 1985 and since then has expanded rapidly by

means of acquisitions, including those of Stonehart Publications and Banking Technology. On Tuesday, it announced a 138 per cent jump in interim pre-tax profits, to £1.9m.

Barham was formed when accountants Mr Norman Fetterman and Mr Tony Ward acquired a 54 per cent stake in Dollonds Photographic, which had earlier been known more colourfully as British Cinematograph Theatre in 1963. The duo quickly sold off the photographic shop and expanded the group, thereby helping the shares to become the second best performers on the stock market that year.

The last thing IBC wanted, embarked as it is on a radical disposal programme to fend off predators, was to find itself in the same position as TransWorld, the former TWA parent, late last year when an agreed sale of Hilton to KLM was blocked by the Dutch airline's supervisory board. Allegis bought Hilton in April but decided in June to sell it.

Hilton's operating profits rose from \$12m to \$21m, with the bulk of the increase due to a 50.4 per cent improvement at Blue Circle Cement, where sales volume rose 81 per cent. Higher profits were attributed to a multi-year rationalisation programme started in spite of a softening in cement prices after the termination of the Common Price and Marketing Arrangement in February.

Group earnings of the offer are 18 IBC shares and 59.85 in cash for every 18 ordinary shares in Barham. On the basis of last night's closing prices of 251p, up 16p, for Barham, and 200p, down 3p, for IBC, each Barham share is valued at 200p. There is a cash alternative of 250p, a share and 130p for the preference shares.

The directors, who own 11.3 per cent of the equity, have undertaken to accept the offer, although they have not as yet indicated whether they will accept cash or shares.

Macarthy pays Guinness £43m for Drummond

BY DAVID WALLER

Macarthy, the pharmaceutical wholesaler and retailer, is to double its size through the £42.5m acquisition of the Drummond Pharmacy Group from Guinness, the drinks giant which is in the process of disposing of its non-core activities.

The acquisition is to be financed by a one-for-one rights issue raising a total of £51.5m, 28.8m of which will be used to cut borrowings. Subsequent to the deal, Macarthy will have a market capitalisation of approximately £100m.

"This fulfils a dream I have had for some time," said Mr Nicholas Ward, Macarthy's chairman and chief executive. Formerly head of Guinness retail division, he was appointed to Macarthy 18 months ago after the intervention of a group of institutional shareholders. He has been negotiating with Drummund from his former employers ever since.

For the 15 months to the end of December 1986, Drummond made profits before interest and tax of £3m. Its net assets were £9.1m at the end of the year.

"This is clearly an expensive acquisition," said one analyst, "the exit p/e works out at 27. But there will be very real synergies."

Despite the prospect of earnings dilution in the short term, Macarthy's shares rose 28p yesterday to 538p, well above the 400p price of the new one share.

Shares in Guinness rose 10p to 365p yesterday. It said it would use the sale proceeds to cut borrowings.

Guinness has reached an agreement with Carlsberg whereby Guinness Ireland will assume responsibility for the production, sales and distribution of its brand in the Republic of Ireland.

Blue Circle up to £60m in spite of US price war

By Steven Butler

Blue Circle Industries, the large UK cement company, managed to boost pre-tax profits by 40 per cent to £29.1m despite a price war in the US. Profits at William Bros, its Atlanta-based subsidiary, were badly hit and plunged from \$12m (£7.2m) to \$1.2m.

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Profits at Armitage Shanks, the bathroom and sanitaryware subsidiary, rose from £4.2m to £5.6m, and Blue Circle has identified this business as an area for development.

Operating profits from property development rose from £1.2m to £2.2m. Some 350 houses are to be completed this year, with 1,000 completions the target for 1988.

Group borrowings fell sharply from \$344m at the end of 1986 to \$179m at the end of June, bringing down gearing from 42 per cent to 17.7 per cent. Reduced borrowing resulted in a drop of net interest payments from £1.7m to £1.0m.

The drop in borrowing came from a disposal of overseas subsidiaries, and Blue Circle will use the cash to provide working capital for property development and other UK operations.

Operating profits from the US fell from \$22.1m to \$11.1m. Some \$90.000 of the decrease was due to currency movements and nearly all the balance, because of the Atlanta price war.

The significant fall was caused by an eight to 18 per cent contraction in the market following several boom years that had attracted a number of smaller operators to the market. Sales at Williams, the largest supplier in the market, were off about 1 per cent, while prices fell by about 10 per cent.

"Our policy is to meet the competition and not allow a fragmentation of the market," said Mr Poole. The market was not expected to improve substantially until the spring of 1988.

Earnings per share at Blue Circle rose from an adjusted 12.7p to 17.3p, and an interim dividend lifted from 3p to 5p. Below-the-line figures were boosted by £6.4m of extraordinary items owing to the sale of assets.

See Lex

Two Bestwood deals cost £15m

BY DAVID WALLER

Bestwood, the investment and property services group, is to buy two private companies, a property developer and a civil engineering contractor, for a total of £15.43m, payable in a mixture of shares and cash raised from a vendor placing.

Furlong Brothers (Construction) is a Walthamstow-based residential property developer; Furlong Brothers (Chingford) is a civil engineering contractor

specialising in the construction of roadways and car parks.

The vendors have warranted pre-tax profits of £2m for 1987, £3m for 1988 and £3.75m in the following year. They will receive an upfront payment of 2.75m, £2m in shares, and the balance in two annual tranches of 45m in shares if the profit forecasts are met.

Bestwood's equity will expand by 162 per cent at once. There

will be a claw-back facility for existing shareholders wishing to subscribe for the shares provisionally placed at 12.5p, against 13.5p yesterday, down 4p on the day.

Bestwood yesterday announced pre-tax profits of £488,000 for the six months to June 30, against a restated £247,000. Trading profit amounted to £1.8m (£1.43m loss) and central costs were £606,000 (£411,000).

New Guernsey heads for market with £2m price tag

BY FIONA THOMPSON

New Guernsey, Securities Trust, a Guernsey-based investment trust, has published the prospectus for a placing and an offer for subscription which will bring it to a stock market with a capitalisation of £2m.

New Guernsey's aim is for capital growth by investing in medium-sized listed companies which specialise in a particular industry or service sector. The plan is to invest 70 per cent of the assets in sterling securities, with the balance mainly in North American markets.

About 2m shares are being

offered at 100p each. Of these, 1m have already been placed. The issue has not been underwritten.

Deals in the shares will begin on September 28. The Framlington Investment Management, a wholly-owned subsidiary of Framlington Group, is acting as investment adviser to New Guernsey.

Framlington Group is a fund manager which was set up by partners of Laurence Trust in 1986. Four of the five directors of New Guernsey are directors of Framlington Group subsidiaries.

COMPANY NEWS IN BRIEF

MARINE X PETROLEUMS' shares were suspended yesterday at the company's request pending disclosure of full details of its proposed acquisition of a private oil exploration and development company.

MARKHEATH, the property company in which Australia's Adelaide Steamship has a major stake, yesterday reported an increase of 1.34 per cent in its holding in the ordinary voting shares of its group Coates Bros, taking the total to 15.6 per cent. In addition, Markheath holds 25.97 per cent of Coates' non-voting ordinary shares.

CITY & COMMERCIAL INVESTMENT TRUST: Net asset value per share £16.58 (£12.53) per capital

share at July 31 1987 after deducting the income shares at their nominal value; interim distribution on income shares 2.425p (2.446p); and gross income £342,000 (£313,000) in the six months to end-July.

KLEINWORT Smaller Companies Investment Trust: Net asset value per 25p ordinary share 701.2p (390.5p) at end of six months to July 31 1987. Total income £322,000 (£348,000) and interim dividend 3.35p (3.05p).

MEMCOM INTERNATIONAL has taken a majority interest in Systems and Business Consultants, which is involved in recruitment and training.

Hampton Trust receives approach

Hampton Trust, the property and gold mining investment company, yesterday alerted shareholders that it had received an approach which might lead to a 120p-a-share bid. At this price, the company is valued at £100m. The identity of the possible bidder was unclear although brokers believe that the cash nature of the bid suggested that a foreign party, possibly Australian, could be involved. The Sheaf family, with 19 per cent and two members on the board are not believed to be involved in the bid.

Clay Harris on the background to Ladbroke's takeover of Hilton International Making an offer that couldn't be refused

NEITHER

Ladbroke Group nor its chairman is famous for modesty, but Mr Cyril Stein's description of his company's \$1.07bn (£645m) acquisition of Hilton International as a "coup" was nothing short of the truth. Ladbroke and its merchant bank, Charterhouse, knew that Allegis Corporation, US parent of United Airlines and Hertz as well as Hilton, wanted nothing more than a certain sale, tied up without any possibility that the hotel chain's chequered recent ownership history would be repeated.

The last thing Allegis wanted, embarked as it is on a radical disposal programme to fend off predators, was to find itself in the same position as TransWorld, the former TWA parent, late last year when an agreed sale of Hilton to KLM was blocked by the Dutch airline's supervisory board. Allegis bought Hilton in April but decided in June to sell it.

Hilton is one of three main operations which Allegis has been seeking to sell to return to its core business as operator of United Airlines, writes Gordon Cramb in New York. The Westin hotel chain and Hertz car rental network are also expected to go for \$1bn or more.

Hilton had attracted the attention of other airlines, with Lufthansa, and Texas Air among those reported to have been interested. The deal with Ladbroke thus excluded the possibility of a sale to a competitor which might fare better in putting together the

OTHER SALES BY ALLEGIS

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initial Allegis vision of an integrated travel services group.

Allegis is also aiming to unlock cash from its airline

business, possibly by selling an interest in Apollo, its reservation system which is being taken as the model for a European venture linking United with British Airways, KLM (another former Hilton sister) and Swissair.

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APPOINTMENTS

Hill Samuel Shipping restructured

Mr Michael Steele has been appointed chief executive of **HILL SAMUEL SHIPPING HOLDINGS**, a division of the Hill Samuel Group. He will succeed Mr Michael Toogood—the current chief executive—on his retirement in early 1988. The company has restructured its operation. Business will be divided between Europe and Asia. Captain John Dowdall, who was chairman and chief executive of Escombe Lambert, has become managing director in Europe and the Americas, while Mr Peter Cowling, a director of Wallen & Co., has become managing director for Hong Kong and the Far East. Capt Dowdall will be based at company headquarters in London, and Peter Cowling will be based in Hong Kong.

To reflect the co-ordinated geographic approach a new Marine Services (WESCOL), has been adopted. The new name has been built from the major shipping company names of Wallen, Escombe, Clever and Lambert. WESCOL will be managed by a central executive committee comprising Mr Steele, Capt Dowdall, Mr Cowling, Mr John Sprout (director of marketing and planning), and Mr Clive Burton (director of finance and personnel). None of the subsidiary companies will change its name.

TOD has appointed Mr M. Hinde and Mr C. A. Young as directors. Mr Hinde will be responsible for the Westbrick Plastic division, where he was formerly managing director of its Annac division. Mr Young will be managing director of Stodd International, where he was managing director from 1978 to 1982. Mr Hinde, a former financial controller, Mr A. F. Beilie has resigned as a director of Tod, but remains within the group with specific responsibilities as managing director of Inter-Continental Hotels Corporation, and will be located in New York. Mr Walsh was appointed Mr P. J. de Savary as deputy chairman.

ALFRED WALKER has appointed Mr P. J. de Savary as managing director of Lindley Plant and Johnsons (Chopwell).

GRAND METROPOLITAN has appointed Mr Paul S. Walsh as executive director, vice-president, finance. He is also director of Grand Metropolitan Hotels Corporation, and will be located in New York. Mr Walsh was finance director of Watney Mann and Truman Brewers, Grand Metropolitan's UK brewing subsidiary.

Mr Charles Lester, distribution manager, and Mr John Hartwright, general manager, have been appointed to the board of H. SAMUEL.

Following completion of a private placement, Mr P. Y. de Savary will own 1,498,500 ordinary shares in HIGHLAND PARTICIPANTS. Mr R. A. F. Lescelle will own 165,665 ordinary shares. Mr A. A. D. Montague Browne 7,000 ordinary shares and Charterhouse Bank 223,333 ordinary shares; these holdings will be added to the total of the enlarged issued share capital. Mr D. J. Donnelly has decided to step down as chair-

man but will remain a director. The board has appointed Mr de Savary as chairman. Mr T. C. Mordaunt has become an executive director and Mr D. K. MacMichael will be resigning. Mr Lescelle will become company deputy president.

THE BOWMERS & KIRKLAND GROUP has promoted Mr Anthony Irons to be managing director of Lindley Plant and Johnsons (Chopwell).

GEORGE H. SCHOLES has appointed Mr B. V. Harrington as chairman following the retirement of Mr G. E. C. McDowell.

THE REGENCY BUILDING SOCIETY has appointed Mr Georges Sabat as deputy chairman. He is also chairman of Touché Ross, and senior executive director of Touché Ross International. He is also a member of the London board of the Bank of Scotland and a director of the London International Group.

ANGLO NORDIC HOLDINGS states that following the success of the recommended partial offer by F. L. Smith & Co (Holdings) Ltd, it has taken its holding of Anglo Nordic ordinary shares to 24,589,000 shares (76.25 per cent of the issued ordinary share capital); the following board appointments have been made. Mr Birger Rikssen, a non-executive director and nominee of F. L. Smith & Co A/S Denmark becomes non-executive chairman, and Mr Brian Weisens is made non-executive deputy chairman.

ELECTROCOMPONENTS has appointed Mr Richard E. Butler as group company secretary. He replaces Mr Roy Gleane, who is retiring at the end of the year. Mr Butler was assistant company secretary of Bowthorpe Holdings.

EURORATINGS has appointed David Rushton as director-marketing. He was with Export Credit Clearing House.

Mr Daniel Remer-Lee has been appointed a director of SMITH & WILLIAMSON SECURITIES, with responsibility for banking activities.

Mr David Hopkins, managing director, Dorman Smith Switchgear has been elected president of the CCF distributed systems division.

ECONOMIC DIARY

MONDAY: Department of Trade and Industry publishes figures for credit creation in July, and final figures for July trade.

TUESDAY: Department of Trade and Industry publish August provisional figures of vehicle production. CBI/FT survey of distributive trades for August. Financial Times two-day conference on the world motor industry open in Frankfurt. Institute of Directors conference on expansion through franchising. Rolls-Royce interim results.

FRIDAY: Department of the Environment publishes second quarter provisional figures of construction output. BSC/BISPA August figures for usable steel production. August tax and price index from the Central Statistical Office. Department of Employment publishes retail prices index for August. Rolls-Royce interim results.

WEDNESDAY: Mr Nigel Lawson, Chancellor of the Exchequer, speaks at Institute of Directors conference on wider share ownership. British Telecom first quarterly results, and annual meeting, NEC, Birmingham.

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TUESDAY: Deputy foreign ministers from the Group of Ten start two-day meeting in Paris to prepare for the annual meetings of the International Monetary Fund and the World Bank at the end of the month.

Danish general election. British Aerospace interim results.

WEDNESDAY: Mr Nigel Lawson, Chancellor of the Exchequer, speaks at Institute of Directors conference on wider share ownership. British Telecom first quarterly results, and annual meeting, NEC, Birmingham.

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State to sue failed Alberta bankers for C\$1.5bn

BY DAVID OWEN IN TORONTO

THE CANADIAN Government and the Canada Deposit Insurance Corporation are to sue former directors and officers of two failed Alberta banks for a total of C\$1.5bn (US\$1.15bn), alleging that the true financial position of the banks was deliberately or negligently misrepresented over long periods.

The two institutions — Canadian Commercial Bank of Edmonton and the Calgary-based Northland Bank — collapsed in rapid succession in the second half of 1985, necessitating C\$1bn federal government bailout of depositors.

A year-long inquiry into the dual failure, headed by a supreme court judge, concluded that bank management, directors, auditors and government

regulators all shared responsibility. The banks' combined assets at the time were estimated at C\$3.7bn.

In the larger of the two suits, against directors and officers of the CCB, the Government and CDIC are respectively seeking damages of C\$825.3m and C\$552m.

The bank's financial position was allegedly misrepres-

sented "from at least 1982 to August 1985," according to the suit.

In the Northland Bank suit, total damages of C\$850.5m are being sought with the alleged period of misrepresentation stretching from 1981 onward.

The actions follow last week's launch of a civil suit on behalf of CCB creditors by court-appointed liquidator, Price Waterhouse, which seeks

damages of C\$294m from former officers, managers and directors of the bank. Mr Gerald McLaughlin, former CCB president, has said this suit will be defended, but there was no comment yesterday from former officers of the two banks on the latest suits.

They come in the wake of the demise of the Edmonton-based Principal Group — the last surviving major financial institution in western Canada which filed for bankruptcy last month after the June collapse of two subsidiaries.

The CDIC, which reported a C\$1.2bn deficit at the end of 1984, now faces a C\$125m payout to insured depositors of Principal Savings & Trust, the group's flagship unit.

HK's Mass Transit cuts losses

BY DAVID DODWELL IN HONG KONG

HONG KONG'S Mass Transit Railway Corporation (MTRC), which operates the territory's 38.6km underground railway system, yesterday announced lower debt-repayment costs, rising passenger traffic and the sale of development properties, for a 30 per cent cut in net losses in the first half of 1987.

Profit before financing charges rose by 37 per cent from HK\$18m (US\$2m) to HK\$26.8m, due to a 12 per cent increase in passengers carried, and average fare increases of 7 per cent.

The 22 months ahead. Only a week ago it secured a 12-year loan worth Y5bn from seven major Japanese financial institutions.

The corporation predicts that it will be generating positive cash flow by the early 1990s, with debts repaid before the end of the century.

The MTRC carried 276m passengers in the first half.

Mr Newton said the second half of 1987 had started well, with passenger revenues above company forecasts, and 60 per cent of group debt "at favourable, fixed rates of interest."

Bekaert to shed 1,400 jobs

BY WILLIAM DAWKINS IN BRUSSELS

BEKAERT, the Belgian steel wire products group, yesterday confirmed that it is to shed 1,400 jobs, the biggest single staff cut in its 107-year history.

The reductions, which will be made at its main Zwevegem plant in northern Belgium, will take place over the next five years, reducing the Belgian workforce to 5,743 from 7,143 at the end of 1986.

Practically all the cuts will come from early retirement and will take place at all levels of the company.

The cuts come in response to

sluggish demand and weak prices for Bekaert's products. The group also plans to spend BFr 5bn (US\$1bn) over the next five years — BFr 2bn more than planned — on splitting its wire division into three units.

Consolidated operating profits declined sharply to BFr 2.5bn last year, but the group said yesterday that it expects the current period's profits to show little change. Profits for the first six months, due to be announced next week, were "satisfactory," an official said.

These will cover bulk production of industrial steel wire, to take place at the group's plant at Remikkens, near Antwerp, low-volume output of wire for such specific applications as cable ratings or needles and seasonal production for fencing and agricultural wire.

Affiliate of Adsteam buys stake in bank

BY YOKO SHIBATA IN TOKYO

MITSUBISHI CHEMICAL Industries, Japan's largest integrated chemical company, has acquired a 9.8 per cent stake in National Australia Bank and wants to raise to 15 per cent, Reuters reported from Sydney.

David Jones has applied to Mr Paul Keating, the Treasurer, for approval to acquire up to 15 per cent of National Australia, said Mr Spalvin, the chief executive.

This is the maximum level permitted under the Banks (Shareholding) Act for a single shareholding in an Australian bank, although the Government has permitted the new foreign banks in Australia to be owned up to 100 per cent by single groups. Mr Keating's approval is needed, however, for David Jones to move beyond 10 per cent of National Australia, one of the three major listed Australian trading banks.

David Jones' parcel of about 55m bank shares was worth some A\$300m (US\$212.9m) at Friday's closing price of A\$5.68.

Stronger first-half profits for Mitsubishi Chemical

By Our Financial Staff

MCI COMMUNICATIONS, the US independent telecommunications group, has signed a letter of intent to buy RCA Global Communications, the General Electric of the US for \$260m, subject to possible closing adjustments.

RCA's local communications' principal business is high speed telex and data transmissions. The companies said the transaction is subject to a definitive agreement and to appropriate regulatory approvals. They expect to finalize a contract by September 30 and receive the approvals to complete the deal by the year-end.

@ US Sprint, the recently formed joint venture between United Telecommunications and GTE, two leading US telecommunications groups, has put its microwave/satellite network up for sale.

For the full fiscal year to January 1988, pre-tax profits are expected to rise by more than 10 per cent to Y275bn on sales of Y610bn.

Setback for Italian funds

ITALY'S MUTUAL FUND industry suffered a sharp setback last month, with redemptions by investors more than twice as high as the inflow of savers' funds, writes Alan Friedman in Milan.

According to Assofondi, the association of the 69 authorised mutual funds, redemptions for the month of August totalled L127.00bn (\$974m), against an intake of L63.8bn. This resulted in the first negative monthly

balance-of-Y63.2bn — since the mutual funds began operating three years ago.

The month of August 1986 closed with a net inflow of L2.053bn, while the net inflow in July 1987 was L454bn.

The past few weeks have seen a nervous Milan stock market, with selling pressure and much bearish speculation on the bourse. The overall market index is down by 16 per cent on the start of 1987.

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WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co.
Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS

Figures in parentheses show number of stocks per grouping

	THURSDAY SEPTEMBER 3 1987			WEDNESDAY SEPTEMBER 2 1987			DOLLAR INDEX				
	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div.	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (95)	168.10	+1.2	120.31	155.07	2.38	166.15	151.29	153.49	168.10	99.92	78.47
Austria (14)	88.32	-0.4	67.52	91.66	2.24	87.98	91.82	101.42	88.53	94.21	
Belgium (48)	134.29	+0.8	120.08	124.02	3.80	133.22	115.70	123.66	134.89	96.19	92.27
Canada (129)	136.81	-0.5	122.34	123.23	2.28	137.50	125.55	130.88	141.78	100.93	
Denmark (39)	123.16	+0.5	110.13	115.50	2.41	122.55	110.11	115.67	124.21	98.18	93.11
France (121)	116.57	+1.8	104.23	109.25	2.56	114.53	102.91	108.42	121.82	98.38	102.28
West Germany (92)	104.29	-0.4	93.26	97.24	1.94	104.72	94.10	98.16	104.93	84.00	96.89
Hong Kong (45)	147.56	+0.3	131.77	147.82	2.37	146.47	131.97	147.20	147.36	96.89	77.59
Ireland (14)	145.31	+0.8	124.34	137.88	3.04	144.41	131.79	147.71	148.10	99.92	78.47
Italy (76)	97.72	-1.5	76.43	101.15	2.13	99.30	87.24	97.24	102.23	84.22	74.05
Japan (172)	167.72	-1.5	133.44	133.40	0.51	151.31	134.49	135.24	161.23	100.00	98.95
Malaysia (36)	168.42	-2.7	150.60	142.81	2.28	173.08	155.52	167.26	193.44	98.24	92.23
Mexico (14)	374.42	+0.9	334.99	615.82	0.49	371.20	333.54	367.97	374.62	99.72	57.44
Netherlands (37)	127.48	-0.5	113.99	117.47	3.80	128.12	115.12	118.71	131.41	99.65	102.10
New Zealand (24)	128.72	+1.9	115.10	110.49	2.69	126.28	113.47	108.79	128.72	83.92	70.58
Norway (24)	177.38	+1.2	158.62	158.30	1.71	173.24	157.44	177.34	178.38	100.00	101.98
Singapore (27)	163.71	-2.3	146.39	158.35	1.54	167.57	151.57	162.85	170.00	94.24	94.95
South Africa (61)	167.47	-1.4	142.17	165.08	2.72	161.39	144.94	167.64	161.39	102.00	101.13
Spain (34)	128.52	+0.4	114.93	120.30	1.92	128.05	111.05	120.32	130.84	90.26	91.24
Sweden (33)	109.62	+0.6	96.02	100.82	1.64	106.95	97.89	100.54	109.62	92.05	96.28
United Kingdom (333)	153.91	+1.3	137.63	137.63	3.21	151.94	136.52	162.87	153.91	99.65	101.37
USA (589)	130.80	-0.5	116.76	130.80	2.80	131.42	118.08	131.42	137.42	100.00	105.77
The World Index (2405)	137.53	-0.6	122.98	129.34	1.96	138.30	124.26	130.20	139.73	100.00	101.34

Base value: Dec 31, 1982 = 100

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Last price changes were unavailable for this edition.

EUROPEAN OPTIONS EXCHANGE

Series	Nov 87		Feb 88		May 88	
Vol.	Last	Vol.	Last	Stock	Stock	
GOLD C	5500	106	8,500	92	18	—
	10	2,500	—	—	—	
See Oct	87	Oct 87	Nov 87	Dec 87	Jan 88	
SFT C	FL200	130	2.30	20	4.30	1 FL200.20
SFT C	FL205	54	0.20	21	0.50	1 FL205.20
SFT C	FL210	100	0.20	21	0.50	1 FL210.20
SFT C	FL215	10	0.10	1	0.20	1 FL215.20
SFT P	FL200	125	2.10	21	4.20	1 FL200.20
SFT P	FL205	56	0.20	21	0.50	1 FL205.20
SFT P	FL210	11	0.10	1	0.20	1 FL210.20
SFT P	FL215	20	0.20	21	0.50	1 FL215.20
SFT P	FL220	20	0.20	21	0.50	1 FL220.20
SFT P	FL225	20	0.20	21	0.50	1 FL225.20
SFT P	FL230	20	0.20	21	0.50	1 FL230.20
SFT P	FL235	20	0.20	21	0.50	1 FL235.20
SFT P	FL240	20	0.20	21	0.50	1 FL240.20
SFT P	FL245	20	0.20	21	0.50	1 FL245.20
SFT P	FL250	20	0.20	21	0.50	1 FL250.20
SFT P	FL255	20	0.20	21	0.50	1 FL255.20
SFT P	FL260	20	0.20	21	0.50	1 FL260.20
SFT P	FL265	20	0.20	21	0.50	1 FL265.20
SFT P	FL270	20	0.20	21	0.50	1 FL270.20
SFT P	FL275	20	0.20	21	0.50	1 FL275.20
SFT P	FL280	20	0.20	21	0.50	1 FL280.20
SFT P	FL285	20	0.20	21	0.50	1 FL285.20
SFT P	FL290	20	0.20	21	0.50	1 FL290.20
SFT P	FL295	20	0.20	21	0.50	1 FL295.20
SFT P	FL300	20	0.20	21	0.50	1 FL300.20
SFT P	FL305	20	0.20	21	0.50	1 FL305.20
SFT P	FL310	20	0.20	21	0.50	1 FL310.20
SFT P	FL315	20	0.20	21	0.50	1 FL315.20
SFT P	FL320	20	0.20	21	0.50	1 FL320.20
SFT P	FL325	20	0.20	21	0.50	1 FL325.20
SFT P	FL330	20	0.20	21	0.50	1 FL330.20
SFT P	FL335	20	0.20	21	0.50	1 FL335.20
SFT P	FL340	20	0.20	21	0.50	1 FL340.20
SFT P	FL345	20	0.20	21	0.50	1 FL345.20
SFT P	FL350	20	0.20	21	0.50	1 FL350.20
SFT P	FL355	20	0.20	21	0.50	1 FL355.20
SFT P	FL360	20	0.20	21	0.50	1 FL360.20
SFT P	FL365	20	0.20	21	0.50	1 FL365.20
SFT P	FL370	20	0.20	21	0.50	1 FL370.20
SFT P	FL375	20	0.20	21	0.50	1 FL375.20
SFT P	FL380	20	0.20	21	0.50	1 FL380.20
SFT P	FL385	20	0.20	21	0.50	1 FL385.20
SFT P	FL390	20	0.20	21	0.50	1 FL390.20
SFT P	FL395	20	0.20	21	0.50	1 FL395.20
SFT P	FL400	20	0.20	21	0.50	1 FL400.20
SFT P	FL405	20	0.20	21	0.50	1 FL405.20
SFT P	FL410	20	0.20	21	0.50	1

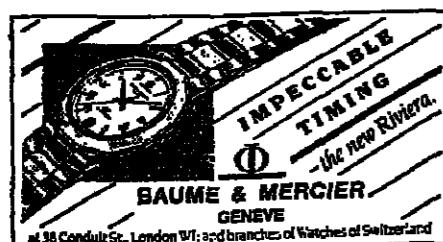
UNIT TRUST INFORMATION SERVICE

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UNIT TRUST INFORMATION SERVICE

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BRITISH FUNDS										BRITISH FUNDS - Contd										FOREIGN BONDS & RAILS									
1987 High Low	Stock	Price £	+/-	Vield % Int. I. Red.	1987 High Low	Stock	Price £	+/-	Vield % Int. I. Red.	1987 High Low	Stock	Price £	+/-	Vield % Int. I. Red.	1987 High Low	Stock	Price £	+/-	Vield % Int. I. Red.	1987 High Low	Stock	Price £	+/-	Vield % Int. I. Red.	1987 High Low	Stock	Price £	+/-	Vield % Int. I. Red.
Index-Linked										(C)										AMERICANS									
Shorts' (Lives up to Five Years)										(C)										GOVT STERLING ISSUES									
The New Zealand Fund Manager: Leeward Offshore Ltd PO Box 44, Guernsey, CI Phone 0434 22623 Fax 0434 22623										The New Zealand Fund Manager: Leeward Offshore Ltd PO Box 44, Guernsey, CI Phone 0434 22623 Fax 0434 22623										INT. BANK AND O'SEAS									
Korea Trust Manager: Citizens Invest. Trust Mgmt Co PO Box 105, Seoul, Korea Phone 02 538 9888										Korea International Trust Manager: Korea Int'l. Trust Co Ltd PO Box 200, St Peter Port, Guernsey Phone 0434 22500 Fax 0434 22500										GOVT STERLING ISSUES									
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FINANCIAL TIMES

Saturday September 5 1987



Guinness Peat rejects manager plan

BY TERRY POVEY

THIS Guinness Peat Group yesterday abandoned a controversial multi-million pound plan to buy in a management team to run Guinness Mahan, its merchant banking subsidiary.

The deal, under which £38m would have been paid to a team of eight bankers if they achieved certain profit targets, has been the subject of a war of words between GPG and Equitacorp, the New Zealand banking and investment group which has a 35.6 per cent holding in the UK company.

The GPG board's decision to go ahead with the plan almost certainly provoked the New Zealand group into launching their 110p-a-share bid, valuing the

UK company at £38m, two weeks ago.

City reaction to the incentive scheme was universally critical — complicating GPG's defence tactics against the hostile bid.

GPG's announcement came in a terse four-line statement last night. "The board of GPG yesterday considered the impact of the adjourned legal proceedings on the subject of the management proposals for Guinness Mahan. In the current circumstances, the board decided to terminate negotiations" with the eight-man team.

Mr Alastair Morton, GPG's chairman, said the scheme had been "successfully distorted and misrepresented by Equitacorp

but that he wanted the arguments over the future control of the group to centre on value.

"GPG is worth a good deal more than 100p a share," he said.

An adviser to GPG said the management buy-in had been dropped because it was no longer possible to complete the deal before the contract cut-off date of October 31. GPG will be liable to pay the eight a total of £1m in compensation.

The possibility of a meeting of shareholders to consider the scheme in late October was not pursued at that time as it was considered likely to provoke further legal action from Equitacorp.

GPG has also become concerned that small parcels of its shares, adding up to perhaps 3 per cent, have passed to unknown or uncertain hands.

Mr Ron Brierley, the New Zealand entrepreneur has a 1 per cent holding, a firm of lawyers based in Hong Kong owns another parcel, as does Bank Leu in Switzerland.

Equitacorp said last night it was pleased that GPG's board had seen sense, "adding that it remained determined to pursue the bid."

"If it had not been for our opposition this extremely costly scheme would have been implemented, and we may still dispute the propriety of the compensation payment."

Bond launches \$1.2bn bid for US brewer

BY GORDON CRABBE IN NEW YORK

MR ALAN BOND, the Australian brewing magnate, yesterday pulled the ring tab on the sealed business of US beer making by submitting a \$1.2bn (£730m) takeover offer for G. Heileman, the Wisconsin company which has swallowed numerous regional producers and is the fourth largest in the industry.

The \$38 a share cash bid from Bond Corporation Holdings, which has the Swan and Castlemaine XXXX brands, pushed Heileman's shares 3%, higher on Wall Street by lunchtime yesterday to trade at \$41.41 suggesting a trade at \$41.50 that others might join the surprise.

Bond itself drew attention to the audacious nature of the move by pointing out that Heileman produced about 18.7m hectolitres of beer last year — roughly the total Australian intake of what Foster's, the

Bond group's main domestic competitor, likes to call "the amber nectar."

Elders Brewing, the Foster's, Courage and Carling Black Label producer which Mr John Elliott's Elders IXL is to launch on the London market next spring, was named immediately by analysts as a possible rival bidder.

Elders has no significant US beer operations and the national industry has seen little foreign incursion through acquisitions, although imports have been creeping up. In one of the few acquisitions, Bond recently bought Pittsburgh's local regional producer about 100th of the size of Heileman.

"We're buyers, as you are," he wrote. "Bond Brewing is a leader in developing foreign markets. Together, Bond Brewing and Heileman would be the fourth largest brewer in the world, enabling it to exploit markets beyond either of our reaches." He promised to retain Heileman management, while using the company to introduce Bond products into the US.

Heileman made net profits of

\$48.3m last year from sales of \$1.17bn, all but \$218m of it in beer. Its main other business is in baking and snacks.

Heileman, which was avoiding all comment on the bid yesterday, has grown by acquisition over the past 18 years. It started as low as 31st in the industry rankings. Mr Bond drew attention to the group's similarities in a letter to Mr Russell Cleary, Heileman's chairman.

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Heileman made net profits of

NEC to manufacture mobile phones in UK

BY DAVID THOMAS IN LONDON AND YOKO SHIBATA IN TOKYO

NEC is to become the first Japanese company to make cellular mobile telephones in Britain for the booming UK market.

The decision is partly in response to an inquiry launched by the European Commission in July into the alleged dumping of Japanese and Canadian mobile phones in Britain.

It follows a spate of recent announcements of other Japanese investments in Europe, initiated partly by efforts to avoid anti-dumping duties.

Panasonic, the other Japanese group with large UK sales of

mobile phones, is also studying the possibility of manufacturing the instruments in Europe.

NEC is to begin making 3,000 to 4,000 mobile phones a month at Telford, Shropshire, next summer. Only last week the company said it intended to make printers in the town.

It began producing video recorders there earlier this year.

NEC is investing \$53m in manufacturing operations at Telford and up to 900 people could be on its payroll there by the early 1990s.

NEC is considered by observers to be one of the three mar-

ket leaders in mobile phones in the UK, along with Panasonic and Motorola of the US.

Mr Toshi Yamafuji, assistant managing director for NEC business systems (Europe), said his company had sold more than 50,000 mobile phones in the UK.

The number of subscribers in Britain's two cellular networks, launched in 1985, is more than 200,000.

The EC's anti-dumping inquiry was initiated by Motorola, one of the few companies making mobile phones in Britain.

Motorola alleged that Japanese suppliers — including NEC, Panasonic, Mitsubishi, Japan

and the US-based Nippon Electric, also known as Necel — were dumping mobile phones in Britain.

Mr Yamafuji said the anti-dumping inquiry had speeded up NEC's decision to manufacture in the UK. He added that NEC was confident of the quality and efficiency of UK manufacturing, including components.

NEC said it was too early to announce how many new jobs the mobile manufacturing venture would create or what percentage of components would be sourced locally.

Investment trust restructures to fend off predators

BY NIKKI TAIT

Scottish National Investment Trust, a £350m fund which is part of the Garment stable, yesterday joined the lengthening list of trusts taking pre-emptive action against potential predators, with one of the largest and most innovative restructurings to date.

In the process it will introduce new security in London — a "zero dividend" preference share, where investors see a pre-determined return (11.3 per cent a year) delivered as capital gain, rather than as more highly taxed income.

Scottish National intends to turn itself into a "split-level" fund in an attempt to eliminate the traditional trust discount — the difference between an investment trust's share price

and the value of its underlying assets.

Split-level trusts, which offer investors a choice of capital or income shares, have been around for more than 20 years and the past 12 months have seen two other funds convert to split-level status. However, by far the largest split-level fund, almost three times the size of its nearest rival.

Moreover, the scheme will break new ground by offering shareholders four classes of share in exchange for their current one. The new income shares will enjoy the bulk of the fund's revenues and also have a small participation in the trust's capital growth; the capital shares will be entitled

to the bulk of the capital improvement; and the "stepped preference shares" will offer a pre-determined mix of both capital and income growth.

The new feature in the "zero dividend" preference share initially, holders of these shares will be entitled to 100p when the trust is wound up in 1998, but this amount will increase on a monthly basis, in effect paying a return of 11.3 per cent a year. By the wind-up date, investors should be entitled to approximately 325p a share. Although this is effectively a roll-up instrument, the trust's directors say they have been advised that it will attract only capital gains tax.

To implement the scheme, Scottish National will first set the winding-up date, and then

have a scrip issue to that asset backing of each share is reduced to 100p. With current net asset value at 450p, this is roughly equivalent to giving shareholders new shares for two held. The new shares will then convert into the four classes on a five-in-one; two capital; one stepped preference; and two zero dividend preference basis. Because of their variance income and capital entitlements, all types of share should start trading at 360-365p, thus eliminating the discount.

Scottish National shares, up 21p yesterday are now on a 8.6 per cent discount. Over the past 12 months, however, the figure has been as wide as 20 per cent and over the past five years, 33 per cent

Defence Minister, was retired and Marshal Alexander Kholmogorov, Commander-in-Chief of Air Defence, was dismissed as a result of the episode. Diplomats say that another 18 generals have been relieved less publicly and there has been strong press criticism of the military.

The fierceness of the attack on the armed forces for failing to stop Mr Rust made it unlikely that the authorities would dismiss his escapade as a student prank and allow him to return to West Germany without a trial.

In a plea of mitigation, Mr Vasilevsky Yakovlev, Mr Rust's lawyer, claimed that his client was an idealistic but naive young man who did not realise the consequences of landing in Red Square. "There was no espionage, no adventurism and there were no young women. Girls friends are boring for him," he said.

It has still not been explained how the vast Soviet Air defence organisation, with 630,000 men and 2,250 aircraft, did not stop Mr Rust reaching the centre of the capital.

The composition of the task force was not revealed but according to the Defence Minister it could include a contingent of about three Lerici class minesweepers carrying 40 men each, a support ship with 113 men, two frigates with 225 men each and possibly a submarine.

The prosecution underlined that he had come close enough to Sheremetevskiy international airport at Moscow to endanger civilian planes but air traffic control appears not to have noticed him on radar.

August new car sales set record

By John Griffiths

NEW CAR registrations for the UK in August exceeded the 400,000 level for a single month for the first time, as buyers sought the new E registration prefix.

The 407,333 registrations, which set a record for the second successive month, represented a rise of 6.67 per cent on the previous August, when the comparable figure was 382,215 new cars.

The traditional August sales surge, which was stronger than the industry had expected, lifted sales for the year's first eight months to 3,456,719 — up 4.66 per cent on the comparable period of 1986.

Only a trivially unforeseen development would prevent the full year's sales setting a record for the third year in succession. Just over 1,862 cars will be sold in 1988.

In spite of yesterday's industry euphoria, however, forecasts in some quarters that demand could climb to 2m sales remain unlikely to be realised.

Although the month was dominated by private buyers, many of whom favour European or Japanese cars, statistics from the Society of Motor Manufacturers and Traders show that imports are more concerned with the dollar's fall than with the interest-rate effect on the economy.

Mr Greenspan may hope that his move will help him persuade Japan and West Germany to concede something on their interest rates to help with the dollar problem. He is meeting their representatives this weekend in Basle.

Unusually, sterling escaped the dollar whirlpool this week and the UK equity market too, has been more resilient.

Worse-than-expected trade figures were shrugged off, as was the sharp drop in official reserves. The need to look beyond the next set of statistics seems to have been overcome. People can talk cheerfully about fundamentals again. Maybe it is even the start of an autumn rally.

Ladbrooke/Hilton

It's a small world and seems all the smaller when on any street corner you can buy a Coca-Cola, or a McDonald's hamburger. Such global brand names offering a sense of security to lost travellers are also the aim of the corporate world and Ladbrooke's desire to possess the Hilton hotel name — outside the US — was strong enough for it to risk ruining its share-price performance for months ahead and perhaps even opening itself to a bid.

Fortunately for Ladbrooke — or possibly thanks to the effort put into explaining the deal to the public — the 254m rights issue left the shares up 2p to 441p, not down. The deal can certainly be made to look reasonable one if at first sight the price in historic-terms looks high: just switching Hilton's to UK accounting standards will add a few million to profits, let alone the benefits of putting the chain into the hands of a hotel group, not an

airline;

there should be scope to improve occupancy rates when Hilton is not just the home of Americans abroad; further, whacking up the prices in Ladbrooke's existing hotels simply by changing the name from Dragonara to Hilton demonstrates just why branding is so alluring.

So, in spite of a touch of dilution, Ladbrooke should still be showing a good rise in earnings next year and a multiple in the low teens. While brokers are generally agreed that the shares are cheap, unless fund managers do, too, Ladbrooke may find it easier attracting another sort of investor. After all, Ladbrooke already has its peripheral activities on the market and its mainstream divisions are each eminently saleable with its hotel operation now the envy of the world.

The company has been doing most things right but whether the heavy cost-cutting in the UK amounts to a single step-change — already discounted — or passage on to a rising earnings' escalator continues to depend, in part, on how it broadens its base. The financial position — with gearing down to 17 per cent — could certainly take the strain of further diversification, especially as the expensive modernisation programme is now almost complete. The difficulty is that many of the obvious routes are blocked by the fear of upsetting customers. That has not, however, stopped the property division powering ahead and unless the whole UK building sector suffers a sharper drop than expected, Blue Circle should comfortably sustain its current rating of 11.5. Even if the price war comes,

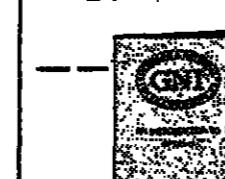
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WEEKEND FT

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Unnatural selection

Developments in biotechnology are leading to a farming revolution, says Giles Merritt

THE NEXT time Mrs Thatcher and her fellow European leaders want somewhere different to hold an EC summit, they might like to consider using Olivier Laudoyer's laboratory.

His work-bench-cum-test-tube consists of 125 acres of rolling Picardy countryside about 40 miles north of Paris. If Europe's politicians and government officials don't object to a bit of mud and some fairly primitive telecommunications, it would be a very fitting place for the EC Euro-circus to pitch its tents.

Monsieur Laudoyer's "laboratory" is a genetic research station where half a million different strains of hybrid wheat are being developed. A visit there would concentrate minds wonderfully on the number one problem of agricultural overproduction that will face both Europe and the world in the 1980s. For the revolution in biotechnology now looks set to change the Common Agricultural Policy from farce into tragedy.

Olivier Laudoyer is the research manager of Hybritech, a joint venture between chemicals giant Monsanto and one of France's leading plant breeders, the Co-operative de Fau. He is a burly, weatherbeaten man who, portable computer in one hand, portable computer in the other, would seem to epitomise the new breed of biotechnologist bent on transforming the nature of agriculture.

Hybritech's target is super-yield crops that will push farmers' cereals harvests up by some 20 per cent. Laudoyer says that several hundred of his new wheat strains in fact already offer that sort of yield, though the hunt is now on to refine them to resist particular diseases and climates. The real goal, he adds, is to use gene-splicing techniques to develop cereals that are resistant to particular herbicides. In this case, Monsanto's herbicides.

"The new hybrid strains of tomorrow will be like a Ferrari," explained Laudoyer. He is understandably reluctant to put a date on the market launch of either Hybritech's new high-yield wheats and barley or those of his competitors. "Perhaps within several years, perhaps not until the mid-Nineties."

The timescale might still be unclear, but what is evident is that the work going on with hybrid cereals is just one part of the accelerating bio-revolution. Elsewhere, the biotechnologists are creating such strange and unsettling novelties as hybrid animals and tissue culture plants that grow not in fields but in fermentation vessels.

FOR THOSE of us who have suffered through this year's dismal summer in northern Europe, and have been watching the combine harvesters grapple with sudden crop, it can be hard to grasp that it is that threatens farmers most, not poor harvests.

In any case it goes against the grain, as one might say, to worry about the problems created by plenty. Yet if market forces were to be unleashed in the farm sector something like two-thirds of Europe's 8m farmers would go to the wall. And that's before taking into account the extra pressures being engendered by biotechnology.

The scale of the phenomenon is best

modifies like dyes, flavours, fragrances and natural drugs and chemicals. Biotech specialists, notably the UK company Plant Science, are already producing items such as digitalis, opium, ginseng and penicillin by culturing root cells in a fermentation vessel.

Even the extremes of the weather may yet be tamed by the biotechnologists. A Californian company, Advanced Genetic Sciences, is experimenting with genetically altered microorganisms that can inhibit strawberry plants from freezing.

Tree cloning techniques are being developed that could tackle sub-Saharan Africa's desperate firewood shortage. Seedling trees will be grown from the cells of mature trees, but more work still needs to be done to improve cloning methods so they can be adapted to poor soils and inhospitable conditions.

A gene-splicing breakthrough that could shortly revolutionise the economics of dairy farming. Within a matter of months, the first commercial sales will take place of bovine somatotropin (BST), a genetic growth hormone that offers increases in milk yields of 15-20 per cent without raising feed costs. It looks as if BST, versions of which have been developed by multinational corporations like American Cyanamid, Eli Lilly, Monsanto and Upjohn, will go on sale first in Britain and Italy by early 1988.

The first man-made animal to be capable of breeding. Scientists working for the US government's Department of Agriculture have recently bred from a pig that has the growth-hormone gene of a cow. The animal is grossly deformed, crippled by arthritis and expected to die prematurely before even

Duplication techniques

reaching the age of two. It is a boar with extremely short legs, cross-eyes and a strange wrinkly rust-coloured skin. Much more to the point, though, the new strain of pig is very fast growing and its meat is low in fat.

Calves can now be "harvested" from cows at a greatly increased rhythm, thanks to embryo duplication techniques that enable a single cow to produce twin calves five times in a year. Work is also under way, backed by EEC funding, on altering animals' reproduction cycles. Other areas of development include embryo transfer and predetermination of sex.

Genetic researchers have identified a chicken growth hormone that could drastically cut the time needed to rear broiler fowl.

The idea of creating a "square tomato" that would stack easily in warehouses is a longstanding joke among biotechnologists, but the tomato is in fact undergoing intense development. The Pomata was the first hybrid plant to be created, when in 1978 researchers combined a tomato and a potato under laboratory conditions. Now a New Jersey company, DNA Plant Technology, has developed for Campbell's Soup a new strain of tomato that is specially high in solids.

Industrial tissue culture techniques may soon eliminate the need to grow whole plants in order to obtain com-

ing two-thirds of its \$500m-plus yearly R & D budget on "life sciences" and ICI has embarked on a biotech acquisitions spree designed to triple its present \$200m a year sales in the agricultural seed business.

THE bio-revolution has generally been viewed by officials as a first step to the green revolution. It is thus seen as a benign further phase of the same phenomenon that in the last quarter century has helped Third World rice and cereal harvests to soar. Yet the signs are that it is, in a number of ways, radically and alarmingly different.

In the first place, experts anticipate that there will be fundamental and probably unwelcome developments in the rich industrialised countries. "It will mean disruptive structural changes," warns Dr Mark Cantley who heads the EEC Commission's Concertation Unit for Biotechnology in Europe (CUBE). Dr Cantley points to forecasts that suggest America's present 2.2m farmers

could, for instance, be halved in number by the turn of the century. "Something like 75 per cent of America's food must be produced by no more than 50,000 giant farms," he adds. Others inside the Brussels Commission fear very similar developments in Europe, with the added worry that national tensions could unravel the CAP.

Promise of survival

The green revolution was pioneered by plant breeders like Nobel prizewinner Norman Borlaug. Using conventional cross-breeding techniques he wrought miracles in India and China. Since the 1960s some Asian harvests have increased fourfold. But the green revolution did not greatly affect temperate agriculture. Genetic manipulation, on the other hand, will entail dramatic increases in European and American farm outputs, with potentially disastrous consequences.

The Long View

Spare a thought for shareholders

They're a necessary part of a capitalist system but their passive nature means that all too often they are accorded all the status and popular standing of an absentee landlord, says Barry Riley



shareholders and cost a fortune to circularise. They have scarcely been regarded as proprietors; indeed, they are all too often regarded as the raw material of lists that can be sold off to direct mail advertisers.

Then along came Margaret Thatcher, who perceived that there could be valuable political mileage in wider share ownership. Just as home owner-

expanding steadily the potential ranks of serious shareholders, if only financial intermediaries can reach them.

The rise and rise of institutional shareholders was the mirror image of the post-war decline of the private investor. The institutions have had better marketing than the Stock Exchange and its brokers, and often had tax advantages, too.

Like small investors, the institutions are also easily led, although primarily by aggressive companies on the takeover trail.

Fund managers have neither the resources nor the inclination to intervene in company management. Their passive stance, therefore, leaves a power vacuum which can be filled by acquisitive entrepreneurs and their fee-hungry corporate finance advisers.

One consequence has been the rise and fall of a succession of large conglomerates dedicated to the creation of the stream of smoothly rising earnings per share which is the institutional fund manager's key objective. In doing so, they usurp much of the function of diversification which the institutions can claim legitimately as their important contribution.

Meanwhile, they find companies also taking geographical decisions for them, as with the present state of British companies' American acquisitions which are being financed willingly by the UK institutions.

This weakness arises because institutional shareholders have confined themselves to the narrow role of assessing relative share values according to their perceptions of company performance.

However, if this is a big step away from the proprietorial position, a further leap in the same direction is taken by index funds and other users of pro-

grammed techniques. The index fund manager is totally passive. If a company is floated he has to buy an appropriate weighting, simply to stay in line with the index, regardless of whether he thinks the shares represent good value or not.

If indexing becomes widespread, the ability of the stock market to value individual shares sensibly will be undermined. The *reductio ad absurdum* would be in a kind of corporate investment paradise in which investors would take up any amount of stock created for whatever reason.

Even now, there is enough for the Government to be able to exploit the phenomenon in big privatisation issues. Large, cheap allocations to private investors create an artificial shortage of stock in institutional hands, ensuring a premium in the aftermarket and a quick profit for the stage.

Finally, there is the new character, the global investor, who can be seen primarily, perhaps, as the seeker of ultimate diversification.

Governments, especially in the Third World, tend to be suspicious of foreign shareholders, but companies in the more developed countries are increasingly inclined to cultivate them,

perhaps because they promise to be particularly passive (and therefore pliable) and also because they could serve to further the global ambitions of management.

Global operations matched by global shareholdings could be the way things will go. But there are no corresponding global legal structures, and where should the annual meetings be held?

I am very much afraid that in diversifying away from known risks, the global investor is taking on board others of which he is not yet aware.

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Even without the advances in plant disease prevention that the biotechnologists are still striving for, the upcoming generation of gene-spliced hybrid wheats and barleys promises to plunge the world's cereals farmers into an overproduction crisis of major proportions.

The EEC's surplus grain mountain is already due to double its present size and top 40m tonnes by 1991. Over the last 20 years cereals harvests have increased by an average 1 per cent annually. The implications of a sudden 15-20 per cent rise in Europe's harvests and those of America, Canada, Argentina and Australia are unsettling. At very least they suggest a farm trade war to dwarf the present international subsidies race.

The impact of BST on the dairy sector could be dramatic. A study by West German experts at Hohenheim University in Stuttgart reckons that BST will enable dairy farmers to cut milk production costs by about 10 per cent.

The farmers will be able to produce more milk from fewer cows. That will aggravate over-production that now stands at 17 per cent and at the same time will reduce the dairy farmers' labour needs and their consumption of cattle feed. The Hohenheim analysts add that within five years about 30 per cent of Europe's cows will be treated with BST, and the world market for the product is being put at over \$1bn.

In the short term, BST will enable Europe's many smallholders to hang on and resist the economic pressures that are driving them off the land. Four-fifths of European dairy farmers have fewer than 10 cows, and the arrival of BST promises them survival for a little while longer. For the 20 per cent of farmers who produce 80 per cent of Europe's milk it spells a financial bonanza.

But in the longer term, BST and all the other developments in biotechnology are going to place intolerable new strains on farm subsidy systems that are already groaning under the weight of the surpluses.

Meanwhile, the difficulties created by the Bio-Revolution will go far beyond the farmlands of Europe or the US. The coming increases in agricultural output may well have disastrous consequences for the Third World.

On the face of it the emergence of new super-foods should be a boon to the struggling peasant farmers of Africa, Asia and Latin America. In fact, the signs so far are that the bio-revolution could have a very negative effect on agriculture in developing countries.

The principal problem is that the Europeans and the Americans will be dumping their ever-larger surpluses onto world markets. This deluge of subsidised cut-price food will ensure that imports displace locally grown food, and will drive still more Third World farmers off the land.

All the evidence, therefore, seems to point to a situation where the bio-revolution will be creating as many problems as it solves, and perhaps more. So was Jonathan Swift right or wrong? "Whoever could make two ears of corn or two blades of grass grow upon a spot of ground where only one grew before," runs that oft-quoted passage from *Gulliver's Travels*, "would deserve better of mankind, and do more essential service to his country than the whole race of politicians put together." Maybe.

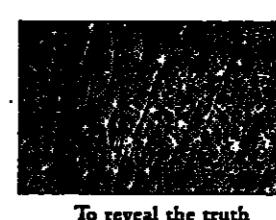
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LONDON

Good news week

AFTER TWO months when the market—stressed by results—has struggled with a stream of cash calls and fears that the economy is overheating, a whole host of major companies rolled out the good news this week.

Indeed, it was almost enough to make dealers forget the macro-headaches altogether; by Friday's close, the FT 100-Share Index had recovered to 2274.9, a gain of 25.2 points over the shortened Bank Holiday week, and now 89.6 points up from its August low after the unexpected base rate hike hit the screens.

Not quite enough, however. Tuesday brought a painful reminder of the ongoing economic problems with the publication of July trade figures. These showed a current account deficit of £310m, confirming both the deterioration in Britain's trade balance throughout the second quarter and the accelerating import trend.

Most analysts had suggested that any deficit beyond £200m would be considered disappointing, and the market's snap reaction was to cut bond and equity prices. But with little sign of institutional selling, it soon recovered its nerve—cheered largely by sterling's resilience against a crumbling dollar and the realisation that there were no additional grounds for further action on the interest rate front.

That was promptly confirmed by Chancellor Nigel Lawson on Wednesday, giving further heart to the yield on long coupon bonds back under 10 per cent. The come reaction for any equity investor given that the yield gap has been standing at a five-year high. Shares, though, caught a belated cold from Wall Street's Tuesday plunge and

the subsequent shakedown in Tokyo, and the 100-Share lost all of Tuesday's gain.

But by Thursday and Friday, it was almost plain sailing. As the CBI indicated in its latest monthly trends survey, published at the start of the week, short-term prospects for British manufacturers seem to be buoyant—even if 1988 looks to be ominously tougher. The likes of BATs, Cadbury-Schweppes, Williams Holdings, Hillsdown, Blue Circle and Bunnell seemed out to prove that right. Only the prime rate

rises in the States contrived to spoil London's recovery—halting, though not entirely obliterating, Friday's rise.

BAT Industries, which has spent so long battling against its mature, tobacco-dominated image, topped all expectations with a 26 per cent rise in half-year pre-tax profits (and a marginally higher improvement in eps growth) to £695m. The sharpest advance came from financial services—predominantly British insurance group, Eagle Star, a BAT's diversification back in 1984, where there was a 68 per cent advance in operating profit to £14m, on the back of a reduced underwriting loss and higher investment gains.

Financial services now account for 28 per cent of the profits total and tobacco about half. The old core business did well enough up from £313m to £381m—thanks to higher prices, lower marketing spend and increased exports partially offsetting a sharp drop in the US domestic sales.

The company warns that the second half, when promotional spending picks up, may not look quite so good. Even so, pundits added £20m or so to their full-year forecasts, to give around £1.65bn, or a prospective p/e of about 10. With recent legal ruling in the States apparently lowering the litigation risk to tobacco companies, most reckon the rating is too low. But supporters have been saying that for years now—and the shares gained just 16p to 662p over the week.

The insurance sector

"proper," meanwhile, had something of a hectic week. Continuing the stream of composite results, GRE reported a near-50 per cent advance to £82.2m pre-tax in the first half, while Sun Alliance doubled to £104m. But the big surprise was the £31m cash bid by New Zealand entrepreneur, Rod Brierley, for Ladbroke.

Brierley has been building up a near-30 per cent holding in the life group for almost 18 months and there was instant speculation that he may be trying to flush out a rival bidder—possibly one of the clearers. Equity and Life's response was an unequivocal "no," but the market clearly expects further action from somewhere—marking the shares 37p higher at 387p by lunchtime, a 23p premium to Mr Brierley's terms.

Acquisitions made the reading

of results from Williams and Hillsdown—two of Britain's more acquisitively-minded businesses—more complex. The former enjoyed the first full inclusion of its Duport and LMI purchases, and is also now minus some of its smaller and less successful interests. More pertinently, it was clear that the cost of its recent abortive Norcross bid—below the line, though gearing of 130 per cent,

1986 figures to the tune of £3m by creating the profit on the sale of its McKechnie stake as an exception. That said, the rise in pre-tax profits from £5.5m to £13.1m for the six months to end-June was impressive by anyone's standards, and with the leap in fully diluted earnings per share from 15.4p to 23.5p. With the benefits of Crown Paints and Polycell yet to come in, the bulls are suggesting up to 355p for the full year, or a prospective p/e with the shares up 37p over the week to 968p—or 16.

Hillsdown, though every bit as

hungry, at least spelt out the organic growth—an impressive 38 per cent advance at the operating level. After a half-year pre-tax total of £21.6m (£19.6m), company watchers predict upward of £105m (£19.5m) for the full year. Acquisitions made the reading of results from Williams and Hillsdown—two of Britain's more acquisitively-minded businesses—more complex. The former enjoyed the first full inclusion of its Duport and LMI purchases, and is also now minus some of its smaller and less successful interests. More pertinently, it was clear that the cost of its recent abortive Norcross bid—below the line, though gearing of 130 per cent,

existing, and less upmarket, properties). News that Ladbroke was interested in the

restructuring of recent Canadian purchase, Maple Leaf Mills, works through. The market, though, still takes some convincing—marking the shares just 7p higher at 327p on the week, and suggesting a prospective p/e of 15.

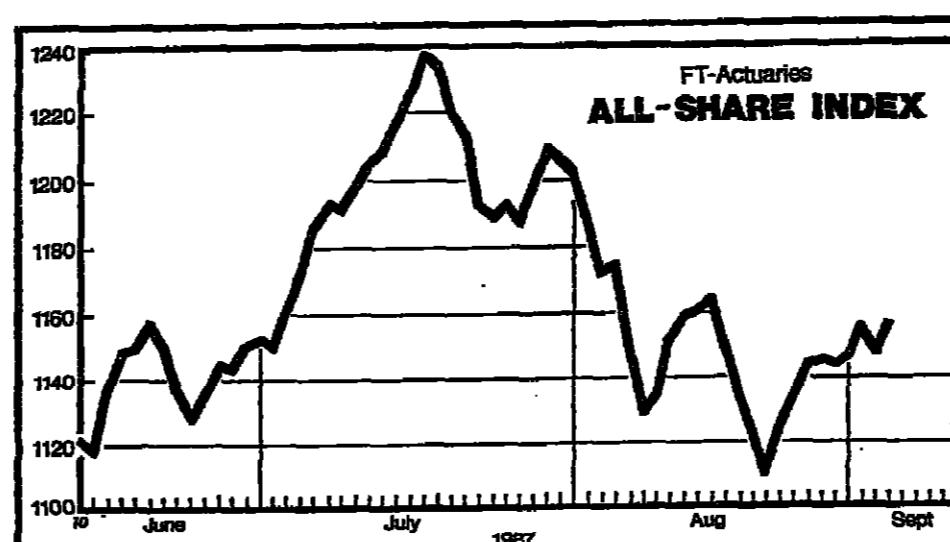
On technical grounds, too,

the market looked to be having an easier ride this week. The deluge of paper from cash raising companies appeared to have subsided somewhat, with the £15m rights issue from book publisher William Collins being the last of the week, and suggesting a price of 50 per cent stake in US publisher Harper and Row, the main new call.

That was until yesterday, when Ladbroke confirmed it was to buy the 95 hotels held off UK-based Allegro Corporation, funding the £45m deal via another £25m rights issue—the last was in the spring—and the rest through bank borrowings (to be partially repaid as it disposes of certain

friendly hand to November—no doubt at some price—or takes Pickens's money (assuming it ever arrives), the market decided the UK group could scarcely lose. ConsGold shares added 21 to £14.40p—a bright spot in a generally brighter week.

Nikki Tait



London

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USM greets September with burst of activity

SEPTEMBER is traditionally a busy month in the City as the money men return refreshed from their holidays and eager to put together a few deals. Even so, this week has seen an extraordinary burst of activity on the Unlisted Securities Market.

A new company is set to join the market after the deal announced yesterday through which Highland Participants, now traded under the Stock Exchange's Rule 535 (3), is buying the main market group A & P Applecore for £13.5m.

The man behind the bid is Peter de Savary, the veteran of many a British America's Cup effort, and the deal has a definite nautical tinge. Applecore's principal asset is a half-share in the port of Falmouth and Highland intends to buy out the other 50 per cent and develop Falmouth as a ship-repairing centre and as a bunker (refuelling station).

If the deal is approved, the new company will join the USM in two months via an introduction with a likely value of around £40m. De Savary bought into Highland, which has interests in oil exploration and production, in July and is injecting a further £3m into the group, which will leave him with 21 per cent of the enlarged equity.

Let us hope that Highland has a happier career on the USM than that of Fletcher Dennys Systems, a micro-computer systems dealer, so far. Launched in July 1986 on a p/e of 15, reflecting the previous year's profits of £403,000, it hoped to avoid the problems of other "box shifters" by tying in customers via preferred purchase agreements, by concentrating on IBM equipment, and by emphasising customer services.

Unfortunately, the company had a large base of local authority customers who tradi-

	Price y'day	Change on week	1987 High	1987 Low	More relaxed over economic stats
FT Ord. Index	1,782.1	+22.3	1,926.2	1,320.2	
Applecore	410	+178	410	198	Takeover approach
BAT Inds.	662	+16	675	482	Interim results exceed expectations
Bunnell	237	-23	278	207	Interim results disappoint
Cheshire Wholefoods	271	+23	283	218	Agreed bid from Koninklijke Weenseen
Coss. Gold Fields	£14.1*	+1.7	£15	£6.8	Pickens bid for Newmont Mining
Dixons Group	363	+30	425	304	Brokers' 'buy' recommendations
Equity & Law	387	+56	388	305	Hopes of counter to Brierley bid
European Home Products	350	+53	350	128	£3m Spanish acq./doubled profits
Lei International	342	+79	343	152	Management buy-out following big acq.
Midland Bank	500	+45	524	421	Stake-building/bid rumours
Next	343	+21	360	225	Brokers' 'buy' recommendations
Pearl	408	+30	430	316	Takeover speculation
Personal Computer	250	+23	250	131	Preliminary profits up 64 per cent
Polly Peck	378	+27	378	134	Overseas traders recommend
Quick (H. & J.)	363	+53	371	126	Excellent interim figures
Regalman	271	+26	315	182	Thameside site sold for £74.4m
Rockhouse	371	-16	401	268	Bid fails to materialise
Sun Alliance	£104	+1	£11	645	More than doubled interim profits
Williams Holdings	968	+47	970	570	Half-yearly figures

tionally placed their orders at the end of the financial year. And, last year, the orders failed to arrive.

The company signalled its problems in May when it announced that its annual figures were likely to show a pre-tax loss of £500,000. One of the founders, Dick Dennys, decided to leave.

Unfortunately, when the figures actually arrived they were even worse—the loss was

at 70p each and trading at 76p only last week, are being offered to the consortium and in the rights issue at only 5p. And the other founder, Jim Fletcher, is leaving the group.

A more encouraging story for budding USM entrepreneurs is that of two new "musei millionaires," Ian and Philip Thompson. USM paper millions often are ephemeral since holders rarely can realise their stakes without causing a plunge in share price.

This week, though, the Thompsons were able to accept 280p a share for their stakes in the breakfast cereal company Cheshire Wholefoods, as part of an agreed bid from the Dutch company Royal Wessanen. Cheshire's profits have grown strongly in recent years, reaching £78.000 in the year to March, and the group hopes that by becoming part of the Dutch group it will gain access to export markets.

Meanwhile, another recent USM entrant, Blenheim Exhibitions, which joined the market not long after Fletcher Dennys, announced made it the leading exhibition services group.

Unfortunately, the figures placed

organiser in Europe. It is buying Online International, which specialises in organising exhibitions and conferences on hi-tech subjects, in an agreed bid worth up to £14m. Blenheim also said that it expects to make £1.42m in the year to August, up from £502,000 in the previous year.

Another USM company announced a sharply-increased profit this week—Orchid Technology, the Californian software house, which had its problems joining the market.

The group originally planned

to join the market in January

but was forced to delay the launch because of a distinct lack of enthusiasm among institutional investors. The record of USM software companies has not been encouraging and institutions perhaps found it difficult to believe that the group would meet its forecast of an increase in pre-tax profits from £1.75m to £6.5m.

This week, however, the company announced that it had and the shares, placed at 106p in April, now stand at 151p.

Philip Coggan

£200,000—and this week the group announced a capital reconstruction package.

Hilldown Investment Trust, a new vehicle spun off from the fast-growing food-to-furniture group Hilldown Holdings, is leading a consortium of investors taking a 61 per cent stake. In addition, the group is making a one-for-four rights issue with the total package worth £1.25m.

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This week, however, the company announced that it had and the shares, placed at 106p in April, now stand at 151p.

Philip Coggan

£200,000—and this week the group announced a capital reconstruction package.

Hilldown Investment Trust, a new vehicle spun off from the fast-growing food-to-furniture group Hilldown Holdings, is leading a consortium of investors taking a 61 per cent stake. In addition, the group is making a one-for-four rights issue with the total package worth £1.25m.

However, the shares, placed

organiser in Europe. It is buying Online International, which specialises in organising exhibitions and conferences on hi-tech subjects, in an agreed bid worth up to £14m. Blenheim also said that it expects to make £1.42m in the year to August, up from £502,000 in the previous year.

Another

USM

company

announced a sharply-increased profit this week—Orchid Technology, the Californian software house, which had its problems joining the market.

The group originally planned

to join the market in January

but was forced to delay the launch because of a distinct lack of enthusiasm among institutional investors. The record of USM software companies has not been encouraging and institutions perhaps found it difficult to believe that the group would meet its forecast of an increase in pre-tax profits from £1.75m to £6.5m.

This week, however, the company

• MARKETS •

Rally peters out

AFTER THE past two weeks' invigorating shakeout, the US stock market is poised for big advances towards still higher records. That give or take some differences in magnitude and timing, was the overwhelming view of Wall Street's first thing on Friday morning—when the Federal Reserve Board made its long-awaited move to set the initiative from the currency speculators and raised its discount rate from 5½ to 6 per cent.

Within minutes of the Fed's action, the bond market and dollar seemed to recover their composure. Those equity investors who had resisted the temptation of panic-selling during the tribulations of the past two weeks prepared to reward themselves with a nice rally.

Then, a strange thing happened. Almost before the early-morning rally started, it ran out of steam. Half an hour after the Fed's move, the dollar had given up most of its initial gains against the yen and Deutsche mark.

The long-term bond market, which was expected to take greatest encouragement from the anti-inflationary pluck of Alan Greenspan, the new Fed chairman, quickly fell back into negative territory. The stock market followed suit. From the initial rise of more than 14

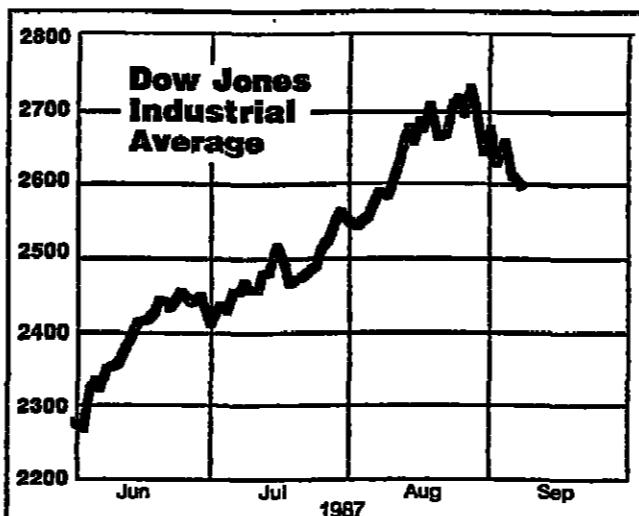
points just after the discount rate action, the Dow Jones Industrial Average fell back to show a loss of 10 points against its overnight close after the first hour of trading.

Now, obviously an hour's gyration in the averages is fundamentally of little consequence to anybody except the futures speculator or professional trader. The disappointing initial reaction to the discount rate news would certainly not be a reason for market strategists on Wall

Street to reassess their almost uniformly bullish forecasts that equities will hit new records by the end of the year. But, this time, there was something suggestive about the market's short-term reactions.

The upshot is that with each day's mild decline, the analysts can lick their lips at the potential profits that are being built in for the bull market's next upward leg.

The attitude is typified by comments yesterday from Joseph Fischetti, the widely respected head of technical analysis at Prudential Bache. "We've had about a 5 per cent correction from the market's all-time high and there's more



miser, fear and disgust. I'm not worried we're going to see any major declines from here. The most risk we have on the downside is 2,500 and that would represent a great buying opportunity."

Of course, some analysts believe that a bigger correction is possible, considering the loftier level to which the market has soared since the start of the year.

Indeed, Robert Prechter, the Elliott Wave theorist who has

made some of the most celebrated calls of market turning points since 1982 and is now perhaps the independent technical pundit on Wall Street, said yesterday this week that a drop below 2,500 on the Dow could raise the possibility of a slide

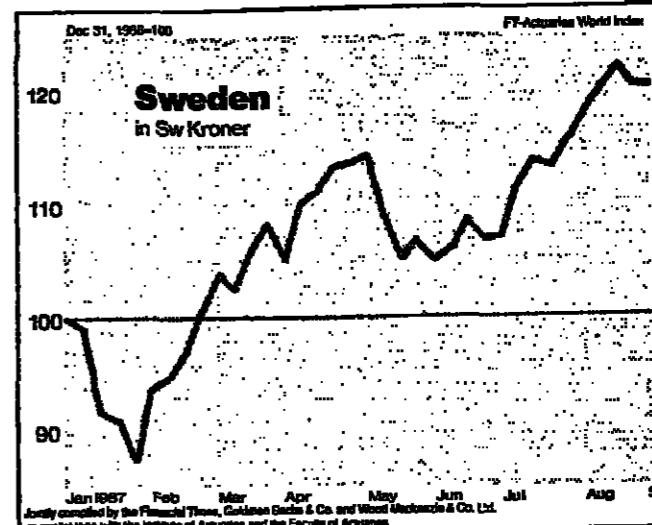
Nothing but blue skies . . .

THE STOCKHOLM stock market looks set to continue its upward trend, analysts believe, largely because the institutions are so flush with money that they have little choice but to channel it straight into the market.

In fact, when asked to mention any possible black clouds that might be looming on the horizon, the analysts simply scratch their heads—what they see is the prospect of more money entering the market at a time when no new issues are expected to mop up the surplus cash and when the economic picture is generally sound.

True, Svenska Handelsbanken, Sweden's second largest commercial bank, this week came out with dire warnings about inflationary spirals and the need for the government to take a tough stance over the next wage round.

"Over-pessimistic," reported the brokers. If the government does stand firm in the next two-year wage agreement, it could promise plenty of friction in the labour market. Nevertheless, analysts see no reason why the market should do anything else but continue upwards in



the long term. The Veckans Affärer total index closed at 1141.6 on Thursday, up 26.6 per cent since the beginning of the year and has been staging a series of highs throughout the summer.

Most of the money is coming from the institutional players who have found that demand is much greater than supply. In particular, there are the wage-earner funds and "allemandfonden" (small savings funds), neither of which have even placed all the money at their disposal into the market. Analysts believe that these funds have the potential to pile up to SKr 6bn in the market.

The wage-earner funds, which are detested by Swedish capitalists, because they allow the unions to use corporate profits to increase their influence over companies, collect money three times a year. So far, they have not collected the full amount they are entitled to, which gives analysts hope that the index will move still higher.

The "allemandfonden" are tax-advantaged savings funds for the man in the street and are managed by the banks. They have proved very popular with small savers who were allowed to place an extra SKr 500 a month in the funds at the end of June, bringing a flood of money to the market (estimated at between SKr 1.5bn-Skr 2bn so far this year).

Recalcitrant Iraq apart, the total rupture of the implicitly agreed limit has been a reaction to the increasingly explosive tension in the Gulf rather than a breakdown of discipline as such. The Gulf producers clearly have been anxious to shift as much oil as fast as possible because of apprehensions about a complete cut-off of exports.

Meanwhile, the meeting of the two committees set up to oversee price and production discipline—with Saudi Arabia present but Iran, Kuwait and the UAE not represented—could prove a waste of time. And it is anyone's guess what the oil price will be at the end of the year.

Richard Johns

supply, meanwhile, is still at sea or in floating storage.

Logically, there should now be a drastic fall in liftings of Gulf oil. However, with Iran in military confrontation with Saudi Arabia as well as Kuwait following the bloody events in Mecca, the future of the Opec pact on production and prices looks very much in doubt.

Its dependency depended very much on a lowest common denominator of understanding between Saudi Arabia and Iraq (and unless) development in the Gulf, and some move towards ending the conflict, make a reconciliation possible. Opec probably will be hopelessly adrift.

Meanwhile, the meeting of the two committees set up to oversee price and production discipline—with Saudi Arabia present but Iran, Kuwait and the UAE not represented—could prove a waste of time. And it is anyone's guess what the oil price will be at the end of the year.

Richard Johns

Sweden

slip from the announcement that Asa, the electrical engineering group, would merge with its Swiss rival, Brown Boveri. In fact the engineering sector as a whole looks good and the sector index rose by 7.9 per cent in August.

The banks have also won praise lately—earlier in the year, no one thought they would be able to match the high standards set in 1986, a year when the banks reported record profits as the rewards of earlier deregulatory measures. However, analysts now believe that the drop in yearly profits will not be as great as originally expected.

Sara Webb

Opec shapes up to critical test

"THE GULF is engulfing us all," said one leading technocrat of the Organisation of Petroleum Exporting Countries, ruefully, when asked to comment on the emergency meetings in Vienna next week of two ministerial committees called to review the surge in members' oil production and the erosion of prices since mid-August.

He was reflecting a general scepticism as to whether the two groups—or, for that matter, the producers' association as a whole if a full emergency conference were to be called—could do anything at this critical juncture in the Iraq-Iran war to assert a measure of control over the market. Events in the Gulf have taken on a frenzied momentum of their own and, for the time being at least, are dictating the level of output.

For the oil industry and investors in the sector, the big question now is whether it will be regulated by the law of supply and demand. Continued and strict adherence to the official

selling prices in force since February, and generally observed, since then, should restore a basic equilibrium.

The danger is that, in the midst of a general breakdown of discipline, members might start scrambling to maintain or increase what they regard as their share of the market—which is already looking saturated—by offering discounts off the selling rates set around a central reference of \$18 a barrel.

By November, and perhaps earlier, Opec will almost certainly face a critical test similar to the one surmounted successfully earlier this year after it had returned to a system of fixed prices in February. This followed the agonising experience of 1986 when, in the first half of the year at least, primacy was given to recovery of oil and demand. Continued and strict adherence to the official

Resources

waiting to see if Opec members resolve, and the new system of fixed prices, would crack. Demand for their crude dropped to little more than 15m barrels a day in March compared with the somewhat national ceiling of 15.8m b/d set for the first half of 1987.

Despite the squeeze members

fell by more than 40 per cent—from \$133/bn in 1985 to \$75/bn in 1986, according to the calculations of the Royal Dutch/Shell group.

In the spring, with the market still awash with surplus oil and inventories swollen by the unrestrained production of the previous year, buyers held back

The new ceiling on output of 16.6m b/d set for the second half meant, in effect, an understanding on a limit of rather more than 18m b/d after taking into account Iraq's non-compliance with the quota allocated; the prospect of it enjoying another 500,000 b/d pipeline capacity for exports; and the other inevitable, now almost institutionalised, slippages.

Estimates of Opec output last month vary widely, with one major oil company putting the rate at 19.2m b/d and another at more than 18.6m. The International Energy Agency now puts it at 19.7m and expects

production to exceed consumption in the third quarter by as much as 2.5m b/d.

Nearly all the excess has come from the six Gulf members. Iran, Kuwait and Qatar have, for the time being, come to an sensible quota violation as the UAE is exceeding its agreed entitlement.

Recalcitrant Iraq apart, the total rupture of the implicitly agreed limit has been a reaction to the increasingly explosive tension in the Gulf rather than a breakdown of discipline as such.

The Gulf producers clearly have been anxious to shift as much oil as fast as possible because of apprehensions about a complete cut-off of exports.

For the same reason, buyers have been anxious to ensure the adequate stocks with the approach of winter. The greater part of the surplus

is still at sea or in floating storage.

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Richard Johns

GOLD RUSH

MONEY MANAGEMENT

FINANCIAL TIMES BUSINESS INFORMATION

25th Anniversary issue

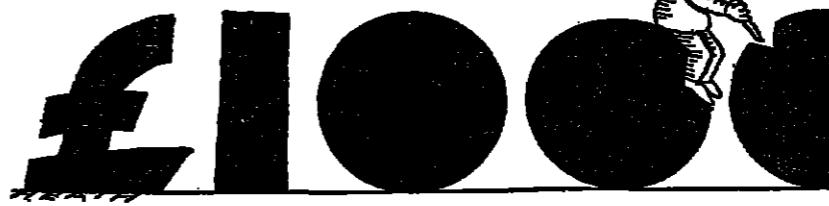
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Our Silver Anniversary supplement carries updates on major changes in the Financial Services industry over the last 25 years.

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National laws v International Business
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• FINANCE & THE FAMILY •

With three weeks left, only two remain in it

Pru keeps head in front

WITH JUST three weeks to go before the end, the Great Investment Race is more competitive than ever. The leading teams, Prudential Portfolio Managers and Fidelity, are battling to be first past the post.

"The name of the game in any race is to win," says Trevor Pullen of the Pru. "Of course we want to win, but Fidelity does, too."

In the past few weeks, both teams have boosted their portfolios with a series of audaciously speculative investments. The Pru risked £167,500 by buying shares in Unilever, but made £250 by selling the same day. Fidelity changed £23,901 on Deutsche Bank and pocketed a profit of £14,356 five days later.

The Great Investment Race has now been running for almost a year. The six teams began late last September, each with a portfolio worth £35,000

provided by Prudential Unit Trust Managers, the sponsor of the race.

Collectively, they have built them up to investments worth £924,432, so that Charity Projects, the organiser, has a theoretical profit of more than £700,000 to donate to selected causes when the portfolios are liquidated.

If the teams make the most of the final weeks, Charity Projects could have much more to distribute. But if they make mistakes — and given the uncertain state of the world's stock markets, this cannot be discounted — they could lose the money made so far.

While the Pru and Fidelity engage in opportunistic investment, other teams have preferred to bide their time and wait for appropriate moments to liquidate their portfolios. The value of Bill Lawrie's investments has remained static

at £47,604. Nomura's portfolio has been boosted to £65,391 by the progress of its sole stock, Nippon Business Consultants, and the strength of the yen.

Messel also has chosen a passive approach in the past three weeks. It has sold its shares in BAA, the latest privatisation issue, but the value of its holdings has waxed and waned with the stock market to £50,102.

Even Horace Govett, which has dabbled in some daring investments, has slowed down. It still holds a substantial £183,677 portfolio of UK equities and one opportunistic Australian investment in Wallys Mining.

Which it must liquidate before the end of the race.

At the halfway stage Fidelity advocated caution, saying it preferred to retain its winnings rather than risk them in the volatile world markets. Yet, with the finish nearing, it has been unable to withstand the

temptation of trying to regain its lost leadership from the Pru.

In the past three weeks, Fidelity has sold its BAA holding and staged a more spectacular coup by buying 1,000 shares in Jax Co, a Japanese stock, for £4,884 and selling them the following day for £11,222.

Fidelity scored a similar success by profiting from the demise of Sir Phil Harris, the entrepreneurial retailer who fell from grace last month.

By buying and selling its holding in Harris Queensway within five days, it pocketed £1,400. The Deutsche Bank investment provided a further profit of £1,056.

Yet, Fidelity has also been buying as well as wheeling and dealing. It has acquired 1,000 shares in Osaka Building, Gionza Yamagata and Sony in Japan, and in Goldstar in the US. A fortnight ago, its portfolio peaked at £285,712. It has since declined to £234,739 but

that is still 15 per cent higher than three weeks ago.

Fidelity might be hard on its heels but the Pru is still well in the lead with investments now worth £312,928. The Uni-liver deal might have been its most audacious in the past three weeks but the Pru's team also made £4,180 by dabbling in Hitachi Cable convertible bonds for a day.

The team also has sold off long-held stocks such as Attwoods, Lee International and Dai Nippon. Similarly, it bought 50,000 shares in STC for £140,000 and sold them the same day for £142,000.

From now on, the priority will be to choose the most suitable moment to sell the remaining stocks. But, as Trevor Pullen puts it: "If an opportunity to make money presents itself, we will jump at it."

Trust takes small view

Royal's £300m target

THE PRU thinks it has found a gap in the unit trust market which it plans to exploit with the Holborn International Small Companies Trust being launched this weekend.

The group's UK small companies trust introduced in September last year, has done well rising by 5.6 per cent, some 10 per cent above the increase in the FT All-Share Index during the same period.

But the Pru thinks it can use its special expertise in investing in small companies to just as good effect on an international basis while at the same time spreading the risk over a wider range of markets.

In fact the bulk of the International Small Companies fund's portfolio (some 50 to 55 per cent of the total) will be invested in the US. Trevor Pullen, the Pru's investment chief, believes the American entrepreneurial spirit tends to help small companies in particular. In other areas, he notes, like Japan and Europe, fledgling companies tend to be financed by banks rather than relying on capital from the equity markets.

Pullen says the move into international markets does not reflect any immediate concern about the UK market prospects — indeed the initial portfolio will have 15-20 per cent in British small companies. The aim behind the launch is to broaden the existing range of 10 Holborn unit trusts still further and make the most of the apparent ability of smaller companies to perform better than their larger brethren.

The Pru claims that two years after its entry into the unit trust market, it has moved into the top 10 largest management groups with assets in its trust rising to £1.25bn. This is just above Hill Samuel, Abbey Life and N. M. Schröder.

Last year sales of Holborn unit trusts jumped by £31m. It now has around 175,000 unit holders—many of whom are first-time buyers of unit trusts—with an average investment of £2,300 each.

The minimum sales objective for the new International Smaller Companies Trust is £50m but the Pru has made special arrangements to cope with an expected flood of applications that might well reach £100m.

To try to avoid the paperwork delays that have marred

several launches of this size, the group has drafted in 70 more staff who will be running a dealing service available seven days a week from 8am to 8pm during the opening offer period which ends at 5pm on September 25. It is hoped that this extra administrative back-up will allow contract notes to be issued within 24 hours of the order being placed and certificates to be despatched within four to six weeks. Extra lines have been added to the Holborn linkline (0800-010434) which allows immediate unit trust purchases without paperwork.

During the offer period there will be a fixed price of 50p per unit, with the Pru's normal minimum investment of £1,000. Initial (front load) charge is 5 per cent and there is an annual management fee of 1 per cent.

The new fund will be sold by the group's direct sales force, but the Pru says it will sell a larger proportion of its unit trusts through intermediaries or by off-the-page advertising as investors become more sophisticated.

John Edwards

To try to avoid the paperwork delays that have marred

THE LIFE insurance companies have made considerable impact in the unit trust market using their financial muscle to challenge the traditional management groups. However, the campaign plan to launch a new range of unit trusts by Royal Life, with an expenditure of nearly £50m and a sales target of £250m is staggering by any standards.

Royal Life Fund Management, a company formed to merge the unit trusts previously run by Royal Insurance and Lloyd's Life, has decided to go flat out for the potential new investors, setting a minimum investment of only £250 in their new funds and backing it with a large TV and Press advertising campaign.

So this week TV viewers

will be bombarded with details of three new unit trusts from Royal Life mixed in with the pet food and cosmetics advertisements.

This will not just be a passing event. According to Peter Baines, general manager of RLIFM, the TV advertisement will be seen 266 million times—presumably not by the same viewer.

TV is not the only advertising medium being used in the

55.0m campaign. The national Press, commercial radio and even poster sites are being used to promote the new funds.

Meanwhile, on British Rail, will now be able to pass the time waiting for their delayed trains by studying the posters at their stations.

The unit trust industry already relies very heavily on the Press for both promoting and selling their funds. Even

Royal Life Fund Managers, with consultants Moorgate Group, have adopted the style of a company share flotation to promote these new trusts. The prime aim is to reach a far wider investor market than the usual one for unit trusts.

The trust brochures are being presented in the form of a company prospectus.

Readers will be able to judge the effectiveness of this approach for themselves. But the whole approach to the marketing is refreshingly different.

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Away from the advertising muddle, the investor new to unit trusts can quietly discover for himself what unit trusts really are and how they work, details of the new trusts and their investment strategies, the nature of the risks and rewards and other relevant detail.

No investor will possibly be able to claim subsequently that they were not given sufficient information on the trusts being offered.

Indeed, it will have to penetrate deeply into the conservative building society-oriented investor sector to achieve the sales target of 250,000 in September.

The whole industry will be watching closely to see if Royal Life's break new ground in marketing unit trusts to the masses.

Eric Short

Launch date set

THE OFFICIAL launch date for Britain's planned new gold bullion coin, the Britannia, has been fixed for October 13 and it will be available to the public the next day.

Nigel Lawson, Chancellor of the Exchequer, announced in March the plan by the Royal Mint to enter the international gold bullion coin market, which has become highly competitive, since the restrictions imposed on imports of South African Krugerrands. However, the other competitors, such as Australia, Canada and the US, are using domestic mine production for their coins while Britain will have to rely on supplies bought on the world gold market.

The 22-carat gold Britannia will be minted in four sizes — 1 ounce, 1/2 ounce, 1/4 ounce and one-tenth ounce. It will feature a portrait of the Queen by Raphael Maklouf on one side

J.E.

Extra interest

RANK OF Scotland is introducing some improvements to its Home and Office Banking Service (HOBS).

Two new, higher-interest rate bands are being added. Interest on deposits over £100,000 is now set at only 0.5 per cent below base rate, and at 0.75 per cent below for balances between £50,000 and £100,000.

The lower tiers are unchanged, with 3 per cent below

base being paid on deposits of less than £1,000.

The bank also is bringing in faster processing arrangements, allowing information to be available on screen between 8 am and midnight. Previously, you had to wait until 8 am the following day. This change means home-based customers can use the service at the cheapest time, with no Prestel charges between 8 pm and 8 am and reduced telephone costs.

##

Trusts are put to the test

THE INVESTMENT trust industry has always made the blanket claim that its products perform better than unit trusts. Comparisons are usually based on the average performance figure for the whole investment trust sector against the Unit-holder Index, a measure of unit trust performance which has been calculated by Money Management for some years but is not used widely in the unit trust industry itself.

Part of the problem of comparison is that the two industries are very different. There are more than 1,000 unit trusts divided into six UK and 11 international sectors. Investment trusts shown in the Association of Investment Trusts' monthly figures number fewer than 150, spread over 13 categories.

On the whole, the investment trust industry has gone more for general than specialised funds. The unit trust industry has a well-developed range of funds, some of them very specialised. Investment trusts also have more of a name for balanced objectives—that is, for providing income growth as well as capital growth.

There are signs that investment trusts are going more the way of unit trusts in both these respects. An investment trust linked to the Spanish market was launched recently, and the number of trusts designed to produce capital growth with a negligible yield is also growing.

Investment trust figures are quoted mid-market to mid-market, whereas those for unit trusts are usually shown on an offer-to-bid basis. This puts unit trusts at a slight disadvantage and means that the return shown for the investment trusts is a little higher than the investor would actually get.

To compare the two invest-

INVESTMENT TRUSTS AND UNIT TRUSTS COMPARED

Investment trusts
Figures to July 31 1987, mid to mid, income reinvested.

Average performance by category:

	1 yr	3 yrs	5 yrs
Capital & Income Growth:			
UK	77.1	219.9	423.9
Income Growth	55.4	176.9	377.2
Capital Growth:			
International	43.5	149.5	323.7
North America	27.7	75.8	198.5
Far East	50.8	158.7	388.1
Japan	16.8	117.6	408.2
Commodity & Energy	96.6	85.4	144.1

Unit trusts
Figures to July 31 1987, mid to mid, income reinvested.

Average performance by sector:

	1 yr	3 yrs	5 yrs
UK General	52.6	167.2	369.6
UK Equity Income	57.2	154.0	363.2
International Growth	32.8	111.8	251.6
North American Growth	12.6	56.2	165.8
Far East Growth	46.7	149.1	280.3
Japan Growth	10.8	146.3	411.8
Commodity & Energy	113.5	90.0	177.6

Sources: Association of Investment Trust Companies/OPAL

ments more closely, we have taken seven sectors or categories from each, showing the average sector performance in each case.

The main difference between them is that the investment trust categories are much smaller than the unit trust sectors. For instance, the average for the Income Growth category is based on the performance of 10 investment trusts, compared with 105 unit trusts in the UK Equity Income sector.

The comparison, as you can see from the tables, comes down on the side of investment trusts, which perform better in 14 of the 21 results shown. The investment trust has done better in the Income category over the shorter terms, in Japan over the longer terms, and in the Commodity and Energy sector throughout.

This coincides with the results of a comparison made in January where top Japanese unit trusts seemed to have outperformed the corresponding investment trusts.

It might be argued that, since the unit trust sectors are so much bigger, you should expect a wider range of performance, and means that the return shown for the investment trusts is a little higher than the investor would actually get.

To test this theory, we took

it is hard to pinpoint any good reason for these big differences in performance.

Using the ATTC sector average over one and five years and the OPAL unit trust average over the same periods, the comparison continues to favour investment trusts, with 53.0 per cent and 341.8 per cent growth, compared with the unit trusts 41.5 per cent and 222.78 per cent.

Christine Stopp

Take care when you come home

RETIREMENT HERALDS a period of great change, particularly if you are an expatriate returning to Britain. You face the additional problem of re-integrating yourself after an absence which could have spanned many years.

This means a wholesale re-organisation of your finances and while personal considerations will be paramount, taxation should never be far from your thoughts.

You will regain the status of resident (and, where it did not apply already, domicile as well). As a result, income previously exempt will become taxable. Interest on British Government securities, exempt while you were non-resident, will attract tax for all payments after your arrival.

Surprisingly, some British income is taxable retrospectively from the first day of the tax year in which residence status changes. This includes income from National Savings investment accounts and income and deposit bonds, as well as bank- and building society deposits. If you have substantial investments of this kind, you would do well to transfer the funds concerned to offshore accounts in the tax year before your arrival.

Overseas income which continues beyond the date of arrival in the UK will attract tax. But income from a source disposed of before becoming resident will escape liability. Overseas deposit interest from an account closed immediately before arrival will avoid tax altogether.

Some receipts from overseas will be exempt from tax in any event. Examples include remuneration and terminal bonuses relating to services before the change of residence.

THE BEST PENNY SHARE GAMBLERS

Each year, Money Observer's editor John Davis carries out an exhaustive review of penny shares and selects those that offer best value for money. If you have followed his annual maps you will have made handsome gains. The 1986 selections, for instance, included Excalibur Jewellery and Amalgamated Financial Investments, which went on to record gains of 1,490 and 1,194 per cent respectively. Overall his 1986 maps produced gains averaging 391 per cent. If you do not want to miss out on his 1987 review get the 116 page issue of Money Observer, available at leading bookstores now, priced £1.95. But even better value is an annual subscription to Britain's top selling investment monthly. It costs only £18.50 (£27.50 overseas). You will also get two free gifts:

* Investment Trust No. 4
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024

The Monthly Magazine for Discerning Investors

• FINANCE & THE FAMILY •

Pensions

Getting the message on videos

COMING SOON at your local company training room: the War of the Pensions video.

You guffawed at the predilection of comedian Lenny Henry in the video produced for the National Association of Pension Funds. But among the rival TV personalities lined up in competing videos are Roy Kinnear, Jeremy Beadle, Chris Searle, James Bolam, Richard Stilgoe, Peter Jones and Sir Michael Hordern.

A large percentage of the membership of Actors' Equity appears to have gained employment by courtesy of a variety of firms of actuaries, pension consultants and insurance companies.

At the last count, nine different videos had been produced to help put over the message about the threat posed to company pension schemes. Remember that next year will see the introduction of the right of scheme members to opt out of their companies' arrangements and set up their own private and personal

pension plans.

Although the start date for personal pensions has slipped back by three months to July, employees will still be able to backdate them to April.

However, the impartiality of some of these videos is decidedly suspect. Most of them are sponsored by advisers to company pension schemes. They are presumably motivated by a desire to show that they are supporting their corporate clients.

Remember that the NAPF video ended with a desperate

video ended with a desperate

Henry being nailed into a coffin by a grinning undertaker, played by the same actor who in an earlier scene had doubled as a personal pensions salesman.

A similar loaded message is put across by several of the newer videos. For instance, in a spoof game show The Decision's Yours hosted by unctuous quizmaster Jeremy Beadle, it soon becomes apparent which contestant is going to be able to afford the top prize of a world cruise (at least) Yet To Come.

At least this video makes

an attempt to explain that the decision about opting

for a personal plan could depend upon factors like age and mobility.

Standard Life Assurance had a hand in financing

this one.

However, there is not a lot to be said in favour of the video produced for consulting actuary R. Watson. A pair of wacky private eyes at the Ace Detective Agency set out to solve the mystery of the personal pensions choice. "Pass me the ice-pack," says one, but it doesn't help much.

So, watch out for these videos

when they go on general release.

They have titles like The Choice Is Yours and Pensions In 1988—Your Future.

One particular trap into which videos are tending to fall is their assumption that companies pay contributions into their pension schemes on their employees' behalf.

Companies usually will refuse

to pay anything towards a personal plan, it is suggested, but may contribute as much as twice an employee's payments into an occupational scheme.

But the fact is that, at the moment, many companies are paying nothing into their schemes because they are enjoying so-called "contributions

holidays"—which could last for several years in a large number

of cases.

With the best will in the world, it is hard to avoid the risk that oversimplification will turn into misrepresentation. At the very least, the videos will need to be backed up by extensive documentation and expert explanations.

Barry Riley

Coming soon
to your local
company
training room—
a host of TV
stars to help
you reach
a decision on
retirement



Action time for personal plans

LAST WEEK, the Government announced that the starting date for personal pensions had been postponed from the beginning of January to July 1 next year because of the revised timetable for the implementation of the financial services legislation.

What are the practical implications of this delay for employees who are, or will be, considering taking out personal pensions?

• Employees not in a company pension scheme

If the intention is solely to take the minimum appropriate pension so as to be able to contract-out of the State Earnings Related Pension Scheme, then the employee must wait until July 1. However, you can make all the necessary inquiries before that date and almost certainly salesmen will not postpone their promotion schemes.

Remember, too, that working spouses with British places of abode might already be UK residents and, hence, liable to capital gains tax (subject, of course, to the £2,000 a year exemption) even before your return.

In deciding what to do, you should remember that while only 20 per cent of any pension drawdown will be subject to tax, these belonging to UK-based schemes will be taxed on the whole pension.

One tax which your return probably will not affect is inheritance tax, since UK domiciliaries are liable in full even when they live overseas.

Clearly, therefore, this is also the point at which your potential liability to this tax and the means by which you might mitigate it—whether by the provisions of your will or otherwise—should be considered.

• Donald Elkin is a director of Wilfred T. Fry, of Worthing.

Donald Elkin

then you have two choices for investing extra contributions: either wait until July 1, when you will have the full choice of contracts, or, if you plan to take out a contract from a life company, you can take action now. The earlier the start, the greater the ultimate benefits.

Employees not in a company pension scheme are eligible for Retirement Annuity Contracts, referred to as Section 226 policies (named after the relevant section in the 1970 Income and Corporation Taxes Act). These contracts are not exclusive to the self-employed.

Such employees can invest the intended extra contributions in a 226 policy before the end of the current tax year 1987-88, thereby receiving the benefit of an extra year's contribution.

These contracts will now be available until June 30, 1988.

These policies have the same investment funds as the new-style pensions. Indeed, the law allows all fund managers to distinguish between the two contracts.

But there are differences generally in the favour of 226 contracts.

Employees will have a choice of contracts, including those from the new providers—banks, building societies and unit trusts—as well as from life companies, the existing main suppliers.

Admittedly, you can take the benefits from a personal pension at 50, while you have to wait until 60 to enjoy the fruits

of a 226 contract. But if you want to get your money earlier, you will be able to switch from a 226 contract into a personal pension. There is no switch the other way.

On the other hand, if you are in a contract-out scheme and you plan to take a personal pension, then you should leave the scheme on April 6 to qualify for the full year's rebate. It is more complex to backdate a contracted-out than contracted-in.

The postponement of the starting date for personal pensions has opened a loophole in the conditions governing the payment of the incentive contribution.

Previously, an employee leaving a contracted-out company scheme to take a personal pension was not eligible for the incentive payment if he had at least two years' membership of the scheme.

Now if you leave on April 6 you could be eligible for the incentive on July 1. The Department of Health and Social Security is looking into the position and one can expect loopholes to be closed in the regulations formalising the postponement.

In particular, a higher proportion of the benefits from a 226 contract can be taken as tax-free cash, compared with personal pensions.

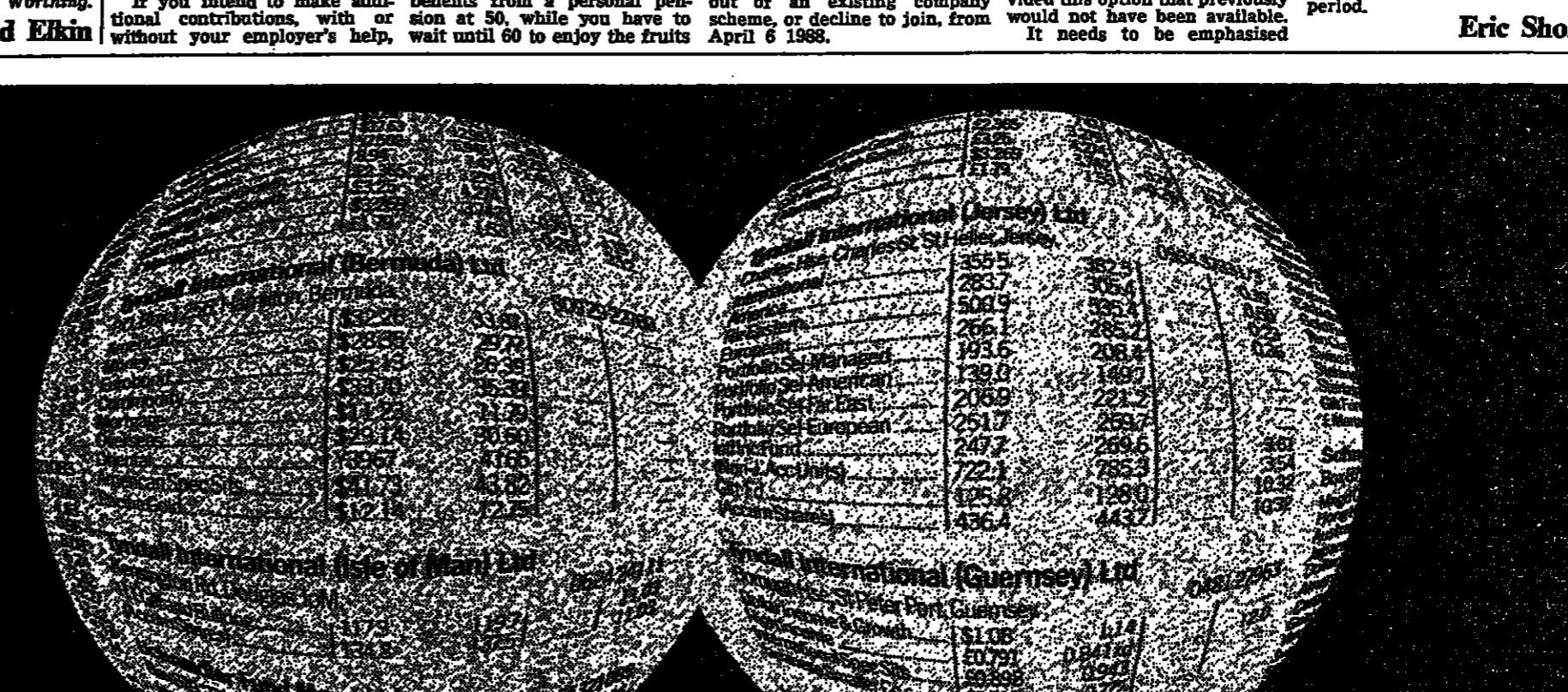
• Employees in a company scheme

Employees will be able to opt out of an existing company scheme or decline to join, from April 6 1988.

The postponement has provided this option that previously would not have been available.

It needs to be emphasised

Eric Short



• FINANCE & THE FAMILY •



A poll tax is nothing new

THIS AUTUMN the parliamentary stage is set for a comedy called "Poll Tax". It could be panned by the critics as a fiasco. For it is a re-run: a re-worked script, a classic case of history repeating itself, with nothing learned since.

A poll tax "hitherto unheard of," according to the chronicler Thomas Walsingham — was levied in 1377, 1379 and 1381. Both Edward III and his successor, Richard II, had stepped up the wars with France with the royal coffers nearly empty and the treasury on the point of deserting Parliament, then in its infancy, was asked to devise a tax that would bring in a lot of money fast.

The "poll" tax seemed the solution. Literally a "head" count levy, every adult in the realm had to pay it. It was unpopular, grudgingly conceded—and triggered, in 1381, the Peasants' Revolt, the only significant popular rebellion in England during the middle ages. Led by Wat Tyler and John Ball, rioting crowds from East Anglia and the Home Counties marched on London and actually occupied the Tower before initial success gave way before ruthless oppression.

The problem was making the poll tax socially acceptable. The first levy was set at the (very low) level of one groat (four-pence), then equivalent to about one and a half days' unskilled labour) for every male or female over the age of 14. The higher levels of the nobility, and the clergy, paid three groats. The only exception, as in both the subsequent applica-

It caused riots in the 14th century and we've learned nothing since, says Gunter Kowa

tions of poll tax, was "genuine beggars", a precedent for compassion which seems lost on present Government ministers.

The next poll tax, in 1379, was assessed on a social scale. Dukes, earls, judges and the Mayor of London were at the top of the paying league, along with "each archbishop, each bishop, abbot and prior." Then came the lower nobility, merchants, government and municipal officers, as well as the lower clergy (in a middling tax bracket, 13 pence to 40 shillings); and finally, at fourpence a head, all remaining adults over 14.

Obviously, collection of the tax was cumbersome and time-consuming.

It was also fiscally unsatisfactory: revenue actually fell, from £21,600 in 1377 to £18,654 in 1379. What both efforts did produce, though, was a wealth of documentary information about medieval English society, with statistics which are now invaluable to the social historian. It was on these that the success of the 1381 poll tax was measured.

In November 1380 Parliament convened in Northampton and granted, with misgivings, a levy of £100,000—in those days regarded as a fantastic sum—to be raised by a general poll

tax. The clergy, "who occupy a third part of the realm," obliged by paying a third. The rest of the tax burden fell once again on the whole adult population (this time over the age of 15). There was a social sop of sorts; each rural or municipal community was allotted a quota equivalent to one shilling per head, the rich helping out the poor by paying a proportionately greater sum. But this left the common folk at the mercy of the wealthy—and often enough, in any case, there were no wealthy people to help out Tax evasion was rife.

Today's civil servants, engaged in the task of constructing a scheme for the collection (and enforcement) of our proposed poll tax, may find some dubious inspiration in the experience of their medieval predecessors. The administrative procedures of 1381 included sworn collectors and controllers appointed for every area to assess, levy and collect the tax. They were authorised to seal out the numbers, names, rank and estate of all persons liable to pay. In this task they were assisted by constables, mayors and bailiffs—and in effect they carried out a census.

First returns were disappointing. The central government of the realm suspected mass evasion and corruption. So commissions of inspectors were sent out with power to arrest and imprison the disobedient. In effect they carried out another census.

It was indeed likely that they should do so, because the early returns had also suggested a catastrophic loss of population. Between 1377 and 1381 the population of Somerset, for example, is supposed to have fallen from 54,604 to 26,124; that of Suffolk from 38,610 to 31,734; and of London from 23,324 to 20,397 (on a recent account).

Returns from the villages

show that the most common evasion ploy was to "forget" dependent womenfolk: daughters, widows, sisters, etc. Felted, in Essex, reported 101 men and only 64 women. The control commissioners got tough. There were excesses like virginity tests enforced on some young girls to establish their marital status.

Public grievances came together in public riots, culminating in the march on London in June 1381. Historians have drawn sobering conclusions from these events: T. F. Tout declared: "The extreme incompetence of the administration was a wide spread grievance which, if bearing most heavily on the poor, touched every rank of society... The fault was a mulish determination to enforce the purchaser's solicitor.

(a) does the purchaser's solicitor have this right?
(b) if not, could he require my

When completing my income tax return a month or two ago I gave particulars of income received gross (January-April 1987) on government stock purchased through the post office in November 1986.

My inspector of taxes is now asking me to estimate the interest I expect to receive during the period 1987-88 from this stock.

Would you kindly explain to me the reason for such a request?

So that he may make an assessment upon you for 1987-88, probably, and collect the tax on New Year's Day (although the tax collector's office will in fact be closed for the first three days of 1988). If any of the interest falls due between January 3 and the end of the tax year, you can ask for the appropriate amount of tax to be held over (subject to a possible interest charge for late payment) until the respective due date or dates, by virtue of an unpublished extrastatutory concession. This concession appears still to exist, although it has been omitted from the latest supplement to the 1985 booklet of concessions. H.M.R.T. If you wish to take advantage of this concession you should tell the inspector that you wish the 1988-89 assessment to be made on the current-year basis, in accordance with section 120(1)(c) of the Income and Corporation Taxes Act 1970 (as re-enacted in the forthcoming Consolidation Bill). We could give you a simpler and more helpful answer if you had given us more precise background data. Why not ask the inspector the reason for his request?

I am doing my own conveyancing for the sale of part of a field and the purchaser's solicitor says that, on completion, he will require the deed for the field in order to endorse a memorandum recording the sale of the part. I know that this is customary but there is a possibility that the memorandum might be vague or contain an error which could cause much trouble after many years. Redress would seem to be impossible as I have no contractual relationship with the purchaser's solicitor.

(a) does the purchaser's solicitor have this right?
(b) if not, could he require my

Solicitor is right

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(a) does the purchaser's solicitor have this right?
(b) if not, could he require my

permission as a condition of completing the sale? The purchaser's solicitor does have the right; you can agree with him in advance the form of the endorsement.

b. They will continue this rate of interest from month to month, from 1.75% until 31.12.87, when the matter will be reviewed.

I have realised that it is not reasonable for them to retain interest for the five months ended March 31 1987, as that money was held by them on trust for the members. I have also said that more than 10 per cent could be earned in a building society, and I have asked them what rate they actually obtained. I believe the other trustees will join me in telling the company if necessary, but I advise concerning the possibility of success in such an action.

We can see no good reason why the whole of the interest earned on pension fund assets should not be paid to the pension fund trustees. Your reasoning is correct. You and your co-trustees have a duty to recover the whole amount of the interest actually earned, by litigation if need be.

At a recent meeting the trustees refused my request for contribution of £225,419, although they were enjoying tax benefits of about £28 on the expenses that I had incurred on their behalf.

Because each trustee is a one-third beneficiary, in effect I was seeking from the other beneficiaries a collective contribution of £225,419, from the tax benefit received on the expenses I had paid.

If the sum you seek are for disbursements which you have actually paid and are shown as expenses of the trust in the trust accounts you should be reimbursed for them out of the trust fund. You would not be entitled to remuneration unless the will expressly so provides.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

BRIEFCASE

Bank is

WONG

In February my bank, Lloyds, sold 1,000 Sound Diffusion shares on my behalf. My account has yet to be credited with the proceeds of the sale. But when I contacted my bank they said that their brokers have lost track of the share certificate.

I recently received a letter from my bank saying it was necessary for me to sign an indemnity form absolving the bank from all blame and costs etc involving the transaction. I told a bank employee that I would not complete this document. Her response was: "It is out of my hands."

I feel that after about five months the "indemnity form" only adds insult to injury. Do you consider that my refusal to sign this document could make any difference?

Since the certificate was lost before any attempt had been made to send it on to you we agree that it would be wrong for the bank to ask you to sign an indemnity. That should be done by the bank or by its broker without charge to you.

Alternatively the brokers and the bank might press the company to issue a duplicate certificate without indemnity if the loss occurred before the brokers could have received the certificate, but the law as to this aspect is still unclear. If the bank persists in trying to get you to give or pay for an indemnity, you can refer the matter to the Banking Ombudsman, 5-11 Fetter Lane, London EC4A 1BR.

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South played dummy's ace of clubs and discarded his other diamond. West ruffed, led the two of diamonds, completing a peter, East covered dummy's king, and South ruffed. Hoping that West held the king declarer led a low heart, but fate was unkind and the contract failed by two tricks.

Great defence — an imaginative opening lead by West, and fine cooperation by East.

E. P. C. Cotter

BRIDGE

TO ATTACK the declarer's entries may be the only way of defeating his contract. Look at this deal from rubber bridge:

N
♦ 6 5 2
♥ J 10 5
♦ 10 9 4 3
♦ A 8 7
W E
♦ A K Q 9 8 ♠ 10 4 3
♦ 7 5
♦ K J 8 7 ♠ 6 4 3 2
♦ Q J 10 ♠ K 9 6 4 3 2
S
♦ J 7
♦ A K Q 8 6 4 2
♦ A Q 2
♦ 5

With North-South vulnerable, South dealt and opened with two hearts. West overcalled with two spades, and North raised to three hearts; and South's bid of four hearts was followed by three passes.

West led the ace of spades,

East dropping the three, and continued with king and queen. South ruffed the third lead, crossed to the ace of clubs, ruffed a club high, and entered dummy via the 10 of hearts. He ruffed the last club, drew East's remaining trump with the knave of hearts, and returned dummy's 10 of diamonds. East produced the five, and the declarer let the 10 run. West took with his knave, and was endplayed. A spade return would concede a ruff discard, allowing dummy to ruff and South to throw his queen of diamonds; a diamond would run into the declarer's tenace.

Let us put an expert in West's seat.

After cashing the spade honour, he can see the threat of an endplay if South is able to strip dummy of spades and diamonds. To do this, he needs three entries to dummy, plus one extra entry to lead the diamond from the table. He has two entries in the knave and 10 of hearts, and one in the ace of clubs. The expert West

does not lead a third spade and allows South to ruff without using one of his entries. He shrewdly leads the seven of hearts at trick three, and South goes down.

Now for a vintage hand from the maestro, Culbertson:

N
♦ 5 4
♥ Q 5
♦ K Q 9
♦ A K Q 9 6 2
W E
♦ K 7 3 ♠ A 2
♦ 9 8 7 2 ♠ A 9 6 3
♦ 6 5 4 2 ♠ A J 10 3
♦ 8 4 ♠ J 10 7
S
♦ Q 10 9 8 6
♦ A 10 4
♦ 8 5
♦ 5 3

At low all South dealt, and after two passes North bid one club, East came in with one diamond, and South said one spade. North rebid three clubs, South said three spades, and North raised to four spades.

Instead of leading his partner's suit, West led the eight of clubs. This was primarily to

attack the club communication between declarer and dummy, but there was also the idea of making a third-round ruff.

Winning with dummy's queen, declarer returned a spade, and West's king captured the queen.

West continued with his other club, the king took, and the last spade was led. East won

with his ace, and now

made the key play — he led

his partner to hold a third trump. This fine return forced the declarer to use dummy's entry in that suit before it could be of any advantage.

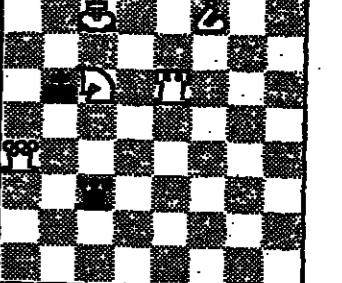
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Great defence — an imaginative opening lead by West, and fine cooperation by East.

E. P. C. Cotter

PROBLEM No 687

BLACK (2 MEN)



White mates in two moves.

against any defence (by H. V. Tuner).

SOLUTION Page XVI

Leonard Barden

CHESS

THE JUNIOR world chess championship, for players under 20, has traditionally been a proving ground for Russia's contenders for the senior title. Former winners include Spassky, Karpov and Kasparov, as well as Sokolov and Yusupov who are prominent candidates. This year's junior world, held at Baguio City in the Philippines, included three Russians as well as grandmasters and masters from the US and Western Europe.

All were outclassed by the 17-year-old Indian champion Viswanathan Anand, who scored 10/13 ahead of Russian silver bronze medallists, with an American fourth. Anand has competed several times in Britain's annual Lloyds Bank Open where he gained a reputation for extremely fast play, coupled with an alert, tactical vision.

The new champion's best game at Baguio tested a crucial question in chess theory. The Ruy Lopez 1.P-K4, P-KB4; 2.N-QB3, N-QB5; 3.B-N5, P-QB4; 4.P-B4, P-QB4; 5.Q-PB4, Q-PB4; 6.Q-B2, Q-B2; 7.Q-B1, Q-B1; 8.Q-B2, Q-B2; 9.Q-B1, Q-B1; 10.Q-B2, Q-B2; 11.Q-B1, Q-B1; 12.Q-B2, Q-B2; 13.Q-B1, Q-B1; 14.Q-B2, Q-B2; 15.PxN, Q-B2; 16.P-B4, B-K2; 17.N-B5, B-Q1; 18.B-K2, B-K2; 19.N-B5, B-Q1; 20.B-K2, B-K2; 21.PxN, B-Q1; 22.Q-B2, Q-B2; 23.Q-B1, Q-B1; 24.PxN, B-K2; 25.P-B4, B-K2; 26.B-N5, B-N5; 27.PxN, Q-K2; 28.Q-KN3, B-K2; 29.Q-B4, P-K5; 30.Q-B6.

Starting the decisive attack; if P-B4; 31.PxP, RxBP; 32.RxR, B-K2; 33.R-Q8 ch, K-K2; 34.N-N8 ch, B-K2; 35.RxR, B-K2; 36.Q-P, PxP; 37.QxP, BxQ; 38.RxR, Resigns.

Black's difficulties in this game derive from his king trapped in the centre, unable to castle. More active is 10...Q-Q2; 11.P-B4, 0-0-0; 12.N-B5, N-B2; 13.Q-B4, P-QB4; 14.PxP, QxP.

11.PxP, QPxP; 12.Q-B2, Q-Q2; 13.R-Q1, QxQ; 14.N-Q5!

An astute novelty in place of B-K3, P-KR4! when Black can offer a queen exchange by QxQ.

14.NxN; 15.PxN, Q-B2; 16.P-B4, B-K2; 17.N-B5, B-Q1; 18.B-K2, B-K2; 19.N-B5, B-Q1; 20.B-K2, B-K2; 21.PxN, B-Q1; 22.Q-B2, Q-B2; 23.Q-B1, Q-B1; 24.PxN, B-K2; 25.Q-B4, P-K5; 26.Q-B6.

Losing at once; Black should try



WE'RE LAUNCHING SOMETHING BIG ON SEPT. 30th

We name this launch the "Royal Life Fund Managers Event of 1987".

So crack open your champagne for probably the biggest investment issue of its kind ever seen. Because the time has come for everyone to share in the success of the world's top companies.

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In the footsteps of the Mayans

CHRISTINA MACKENZIE
visits temples,
palaces and pyramids
in the dense jungles
of Guatemala

A FEW kilometres after crossing into Guatemala's mountainous Huehuetenango region from Mexico, you may well decide to turn back—put off by the state of the roads and the road-blocks. Don't, because these mild irritations disappear to give way to a land of spectacular countryside. Mayan ruins and colourful villages.

Huehuetenango was one of the regions which suffered most from guerrilla problems a few years ago, but the only remaining outward sign of trouble is the bridges: there are none. They were blown up by the guerrillas, or the army.

Temporary structures have been erected in some places, but in others one uses what remains of the bridges as best one can. The Guatemalans take it all in their stride, and explain that thanks to the patrulla civil, the civilian patrols, the region is now reasonably safe.

We had our first encounter

with the patrulla civil a few kilometres after the border, when our bus was stopped at a little outpost, complete with sandbags and flag, by a group of rag-tag looking peasants armed with rifles and machetes.

The hut was full of respectful, inquisitive Indians, and I studiedly examined our passports... upside down. We came across these patrols every four kilometres or so within the Huehuetenango region and then they disappeared, never to be seen again.

Our first overnight stop was in Panajachel, a small town on the shores of Lake Atitlán which nestles among the volcanic peaks of the Sierra Madre.

Next morning we soaked up the sun for an hour while crossing the lake to the village of Santiago de Atitlán, where our guide took us to a small hut which serves as the shrine of Machimón, a Saint Simon figure absorbed into the Mayan deity. In fact he is a crudely-carved wooden sculpture, no taller than a kneeling man, with a cowboy-style hat set jauntily under a large cigar between his teeth.

Chichicastenango, one of the best-known villages of central America, lies an hour's drive north of Panajachel. Its fame lies in the market, held every Thursday and Sunday, which attracts large crowds of Indians and a few tourists. With its bamboo and canvas stalls, the market splashes its colours over most of the village. Multi-hued huipiles (tapestries) women's blouses, embroidered belts, tablecloths, bags, rugs and carved wooden masks attract the tourists; wheat, corn, fresh fruit and vegetables, plastic shoes and cheap Asian imports attract the locals.

After a swift visit to Guatemala City, full of low, optimistically earthquake-proof buildings and huge neon signs, we drove north-east, leaving the mountains behind and entering the vast plain of Petén, which edges into Belize to the east and Mexico to the north and west.

The main road from southern Guatemala to Flores, a town on the shores of Lake Petén Itza, was in the process of being paved when we were there, so it took us eight hours to cover 200 kilometres and we arrived dusty and bruised, having helped rescue a bus overflowing with humanity which had jammed on a large rock. The discomfort was well worth the reward—an hour north of Flores lie the spectacular ruins of Tikal, the apex of Mayan architecture. Set in a national park of almost impenetrable jungle, the pyramids and palaces poke their grey stones over the treetops and echo to the screeches of spider-monkeys and the cries of tropical birds.

Temple 1, or the Temple of the Great Jaguar, soars 150 ft above the jungle floor and can be reached by a virtually vertical stairway whose 30 narrow, worn steps have proved fatal to more than one—hence the chain which helps visitors hang on. The view from the top is worth the effort, as one overlooks large parts of the site which archaeologists believe contained over 3,000 structures.

Having obtained special permission to stay in the park after the 5 pm closing time, our guide took us to the top of the mightiest temple pyramid of them all, Temple IV, 229 ft from jungle floor to the top of its roof comb.

As only the temple at the top has been cleared of undergrowth, we had to climb using rocks, tree roots and the occasional ladder to help negotiate difficult spots. From the top we



An Indian woman in traditional costume



The Peugeot 405SRI... already a best seller

Peugeot does it again

HAVING HAD two Peugeot 305s during the past six years, I was particularly keen to try its successor, the 405. This elegant new saloon was introduced in France last May and has already become a best seller.

The left-hand drive 405SH I tried briefly in Britain recently did not disappoint. Its styling is modest and one knew from the feel of the car and the sounds it made that it was a Peugeot. But it seemed to have moved up half a class.

Whereas the 305 was roughly a rival to the Ford Orion saloon and the Ford Escort five-door estate, the 405 felt more like a competitor for the Ford Sierra Sapphire or Vauxhall Cavalier. Peugeot, in fact, says if it assumes the larger 505's mantle in some markets, although not in Britain where it goes on sale at the end of the year. Like the smaller 305, the 405 will be assembled with right-hand steering at Coventry.

After two days and a couple

of hundred miles, one does not get to know a car properly, especially if it is a left-hand drive being used on British roads. I felt very much at home though in the Peugeot, with its clear instrumentation, sensible minor control layout, roomy interior and carefully colour-matched trim. Given competitive pricing, it must boost Peugeot's rising market share among fleets and private owners alike.

Will I have one? Not yet. I am a confirmed diesel estate car owner and, at present, there is only a four-door saloon body and a choice of petrol engines for the 405. These include a potent 1.9-litre, twin-cam, 16-valve unit developing 160 horsepower. But ask me again in about 18 months. I reckon my kind of 405 should be around by then.

Stuart Marshall

An open and shut case

Most of us can change TV channels without leaving our armchairs, but only one British motorist in 50,000 can open the garage door from inside his or her car.

The benefits of the remote controlled, electrically operated garage door are better appreciated in the US, where one in every 25 works on the button. It is not just a matter of convenience, although this can seem significant if you are one year evening finely and it is pouring with rain as you fumble with the garage lock.

Security is more important still. In some urban areas, motorists are at risk when leaving the safety of their locked cars to open up the garage. With backs turned they are easy targets for a thug waiting in the shadows.

But an electrically oper-

ated, remotely controlled doors. Call Sherborne (0335) 813999 for information.

Ideally, an automatic door is built into a new house and the manufacturers are concentrating their campaign on developers. But an existing up-and-over door can be converted to automatic operation for between £300 and £400.

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S.M.

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COLLECTING

Antony Thorncroft previews a major London event—next Wednesday's opening of the Burlington House antique sale and exhibition

Art, ambience and mammon at the fair

DN WEDNESDAY the antiques world rouses itself from its brief summer sleep. Of the Phillips and Christie's South Kensington, among the auctioneers, never sleep, and most of the leading galleries have some sort of show, but, with the belief that customers are off seeking the sun, the trade operates at a low gear in August.

But on Wednesday the doors of the Royal Academy open for the Burlington House Fair, which is proudly promoted as the antique dealers' fair.

It would be tedious to drag up the history of the fair, the battles with the Grosvenor House, where it used to be housed, and the emergence of two major fairs in London, one at the old venue, the other at the Royal

Academy's home, Burlington House.

Both have now firmly established themselves. The Grove might be flashier, more geared towards the rich American buyer over for the London season in June, while the Burlington, held every two years, has a more academic reputation and is the delight of dealers, but the differences are minimal.

The Burlington has overcome two nasty obstacles—it's timing and its venue. Ideally it should be put back into early October when there are more buyers around and the trade has had the opportunity to stock up after the selling spree in the early summer. There has also been the feeling that the Royal Academy likes the Burlington's

money—it earns around £40,000 from the two-week rental rather than this explosion of mammon in its grand surroundings.

If the Royal Academy is not a natural habitat for a businesslike fair (some of the Friends of the RA who attend are surprised that all those impressive works of art are for sale) the natural light that filters through its galleries shows off the antiques to much better effect than the fabricated atmosphere at Grosvenor House.

Apart from being organised by its dealers themselves, Burlington has one other major distinctive feature from the Grosvenor—it's 'lets in foreign dealers'. It is virtually impossible for a newcomer to break into Grosvenor House, but some interesting dealers will be taking space at the RA, in particular Delatiale of Brussels with ethnographic art, especially pre-Columbian American, and Piero Corsini of New York, who is offering a pair of religious paintings on marble by Jacopo Bassano.

The foreign dealers not only open up the fair, widening its range and attracting a more international clientele; they also improve its appearance. On the Grosvenor most attention is paid to the display of stands, and the combination of some intriguing new dealers and the magnificence of the Great Rooms at the Royal Academy ensure that this is a good looking concern.

The Burlington does not bother with all that nonsense about insisting that everything for sale is an antique; that is, an object over a hundred years old. As its chairman, Kenneth Snowman, of Warkasi, says: "We are not century snobs." So picture dealers like Peter Nahum and Julian Hartnell, whose offerings extend well into the 20th century, have taken space as well as David Messum, a popular pioneer of the Newlyn School in



A pre-Columbian ceramic seated figure dated 500 to 1000 AD, on offer at Delatiale of Brussels.

recent years, who at the RA offer pictures ranging up to

fee (including lavish handbook) this time round? As always at the RA the picture dealers are to the fore—another contrast to Grosvenor with its preponderance of furniture.

The loan exhibition, without which a major fair these days would look quite bare, is also relatively 'modern'. The two greatest collections of Fabergé jewels (outside the Soviet Union) are temporarily joined—those of the Queen and Malcolm Forbes, of Forbes Magazine; and among the select items on loan are some of the fabulous eggs presented each Easter by the last two Russian Tsars to their consorts, including the Mosaic Egg of 1914 owned by the Queen. Also definitely not for sale is a selection of some of the treasures that the National Art Collections Fund has helped to acquire for the V & A.

In 1987 the Fair attracted 25,000 visitors, as many as David Messum, a popular pioneer of the Newlyn School in

for sale—another contrast to Grosvenor with its preponderance of furniture.

The most expensive paintings will be on offer from the top Old Master dealers. Richard Green has a slim Canaletto and a marvellous soothsaying landscape by Gérôme (both of which were also at Grosvenor House) while Colnaghi displays "The Flight into Egypt" by Sebastiano Ricci, and a strong 16th century portrait of a gentleman by Ambrosius Benson.

The Bury Street Gallery will be maintaining the international flavour with its display of European pictures of the late 18th and early 20th centuries, including works of Boldini, and Vilhelm Hammershøi, the Danish artist, who has been catapulted into prominence in recent years following the

as usual Spink will be selling a wide range of antiques from pictures to silver to oriental pieces. The highlight is undoubtedly the set of eight silver gilt salvers made by Andrew

discovery of the charm of 19th century Scandinavian art, in particular the art of the House of Lords. They are unusual in having detachable feet. Their price is also rather unusual—£300,000. Among the pictures there is a series of elevations of Venice by the 18th century artist Antoni Visentini, while the oriental works of art include a large 18th-century Chinese wall panel destined for the Imperial Palace.

Bernheimer is presenting continental furniture and ceramics, textiles and oriental ceramics. One of the most important items is a Louis XVI secretary-a-buffet with the stamp of Charles Topino, one of the few French furniture makers working in Paris during the final years of the *ancien régime* when most of the leading makers were German. An outstanding piece of the second division Impressionists now sought over as the first rank become too costly.

John Christian Schetky was Marine Painter in Ordinary to King George IV. Yet his painting for sale at the Ackermann's stand is of Belvoir Castle from Devon Hill. His marine interest manages to surface with the inclusion of a yacht sailing on the river. One of the Newcastle school of marine artists, John Scott, is also represented with "The Ocean", capturing at the mouth of the Tyne in 1880.

That indefatigable exhibitor Johnny Van Hassett, who specialises in Dutch pictures, is showing a Cupid, and a rollicking "bacchante" by Herman van der Myn. William Drummond will have for sale a good range of modestly priced drawings and watercolours, plus at least one major work, a portrait of George Keppel, Earl of Albemarle, by Liotard.

Like most dealers Bill Drummond sees the Burlington as a wonderful opportunity to meet potential new customers. He invariably manages to cover the rental costs while at the same time adding to his mailing list some interesting new names. And, of course, old clients drop in for a chat for advice and perhaps to pick up an interesting recent acquisition.

There are some dealers who hold back works of art for fairs but most trot out the best of their current stock. This can mean that old favourites from the Grosvenor sparkle again at the RA.

As usual Spink will be selling a wide range of antiques from pictures to silver to oriental pieces. The highlight is undoubtedly the set of eight silver gilt salvers made by Andrew

Moore in London in 1703 to commemorate John Methuen who was chancellor of the Irish House of Lords. They are unusual in having detachable feet.

Pride of place at David Messum will go to "A Regatta", an Impressionistic scene by Sir John Lavery, priced at £25,000. The Newlyn School will be well represented by Stanhope Forbes, among others, and there will be a good show of the Scottish colourists. These are two sectors of the art market which have seen a rapid price appreciation in the last two seasons.

Another is late Victorian sculptures, "Tancer", by William Hamo Thornycroft. A dramatic exhibit at the Sabin Galleries is "Marie Antoinette led to the Execution", while Bowes and Dyson offer a bright oil by Henri Martin, "La Promenade". Martin is typical of the second division Impressionists now sought over as the first rank become too costly.

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Elizabethan and Jacobean portraits. Although many of the works for sale will be of interest to museums such as the Getty will a prominent buyer at the 1985 Fair. There are objects priced in the £200-2000 range, in particular glass and prints at the O'Shea Gallery; silverware from Maurice Asprey; and medical, dental and optical pieces on Harriett Wynters stand, reflecting the growing collectors' interest in scientific instruments.

The Burlington will take place at the best ever season for the salerooms, with record price after record price capturing the headlines and persuading new buyers into the art market. The dealers have been forced to take second place to the salesroom in recent years but in certain areas, such as Old Masters, silver, and specialist sectors like textiles and tribal art, they are still a major force. They are the best customers of the salerooms—and their major suppliers.

The new recruit to antique collecting needs a dealer for advice, support and encouragement. Many will guarantee to buy back the items they sell; many will hope to serve the customer for years. Dealers traditionally talk up the market.

The Burlington will indicate whether there is plenty of life left in the present art market boom. All the indications are that, as long as the major world economies maintain their current momentum, the salerooms and antique dealers will be kept in the high style to which they have become accustomed.

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As chairman, Kenneth Snowman, of Warkasi, says: "We are not century snobs."

So picture dealers like Peter Nahum and Julian Hartnell, whose offerings extend well into the 20th century, have taken space as well as David Messum, a popular pioneer of the Newlyn School in

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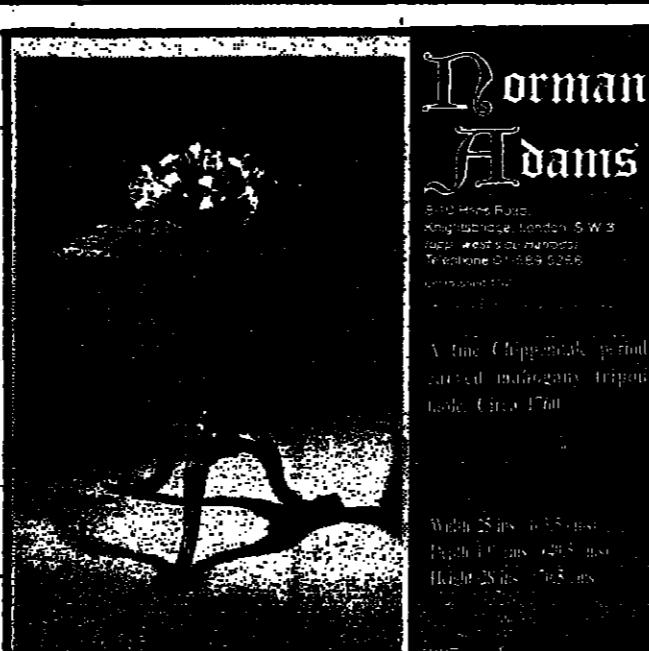
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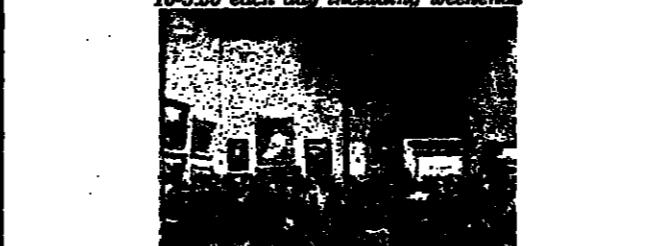
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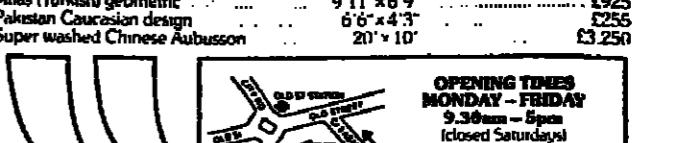
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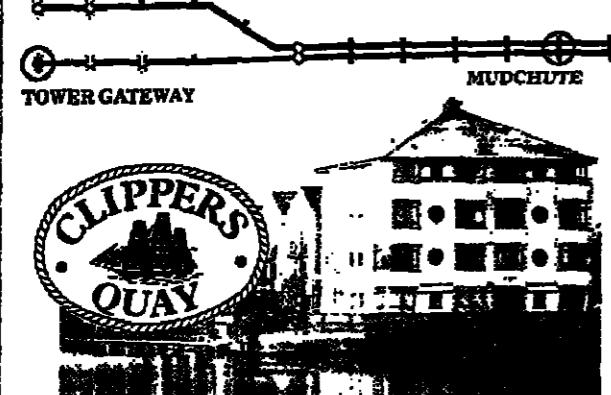


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BLOOMSBURY, LONDON WC1

E140,000 Superbly presented one bedroom flat-a-storey on the second floor of this refurbished period building. With gardens. Square views and a refurbishment between the City and West End. A viewing is highly recommended.

Reception, Fitted Kitchen, Double Bedroom, Luxury Bathrooms, Air Conditioning.

Lease 99 years.

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3 BEDROOMED BARBICAN PENTHOUSE, LONDON EC2

E250,000 A spacious, well planned 6th/7th floor apartment with bright, flexible accommodation. Whilst requiring some redecoration due to an unusual opportunity to purchase a family company. The client is looking for a professional agent to sell.

Double Reception, Kitchen, 3 Bedrooms, 2 Bathrooms, Terrace/Balcony, All amenities including Car Parking.

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EXCLUSIVE CITY PIED-A-TERRES, LONDON EC1

E112,000-E125,000 Choice of two 1 bedroomed maisonettes both situated on the 1st and 2nd floors of adjoining period buildings. Close to Shaftesbury Avenue. Both flats have been completely modernised and thoroughly refurbished.

Each comprises Reception Room, Kitchen, Double Bedroom, Bathrooms, Independent Gas Fired Central Heating. Ready for immediate occupation.

Lease 99 years. Low outgoings.

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HONG KONG 1987

Debenham Tewson Residential, the market leaders in the international promotion of London properties are pleased to announce that an exhibition of Central London property will be made during the course of the major 'Money 1987' exhibitions in Hong Kong in October of this year.

If you are considering the sale of your house or flat and would like further information in relation to the exhibition then please do not hesitate to contact either our offices in Brook Street, Mayfair, or Paternoster Square, City of London.

MAYFAIR INVESTMENT OPPORTUNITY—LONDON W1

Prices from £160,000 Three outstanding flats within a small purpose built block within 50 yards of Berkeley Square. Each of the flats would make an ideal Mayfair pied-a-tête, or alternatively this is an excellent opportunity for a conveyancer to acquire three flats within one building.

The flats comprise 1-2 Bedrooms, Bathrooms, Reception Room, Kitchen.

Leasehold 99 years.

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BACK TO THE FUTURE**12 & 14 CLIFTON GARDENS, LITTLE VENICE**

Nine luxury apartments comprising the innovation of 20th Century design are now available for viewing by private appointment.

Situated in the heart of Little Venice, with access to two acres of private gardens, each apartment is a period style flat, retains original architectural features.

Lifts in all apartments, distinctive split level, oak, reception areas, a gallery bedroom suite, and a superlative roof terrace are just some of the features that exemplify the quality of this unique development.

Price commence at £145,000 for a two bedroomed apartment to £400,000 for a magnificent four bedroomed duplex with private garden.

For more information contact Sole Agents Ellis & Co on 01-625 8626.

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Rentals

Sturgis

WESTMINSTER GARDENS, SW1
A newly refurbished 3rd floor flat in this well run block, making an ideal rental investment or a convenient London base.
RECEPTION ROOM: 4 BEDROOMS: 2 BATHROOMS (1 EN SUITE); SEPARATE SHOWER ROOM & W.C.; KITCHEN: LIFT: 24 HOUR PORTERAGE.
Leasedhold 99 years.

OLD CHURCH STREET, SW3
A spacious two bedroomed flat on the 1st floor of this mansion block, close to all the local amenities.
RECEPTION ROOM: KITCHEN: DINING ROOM/BEDROOM 2: BEDROOM: BATHROOM.
Leasedhold 99 years.

£130,000

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#16

LONDON WI

a new rental development by
LET RESIDENTIAL HOLDINGS LTD
offering 7 immaculate
1, 2 and 3 bedroom apartments
prices from £350 - £700 per week

Joint agents:

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Join the home guard

John Brennan looks into insuring your house against perils that can range from a burst water pipe to a burglar

days with second bathrooms and showers, a washing machine and dishwasher, and more central heating. There is more leisure time as well, and more people take holidays abroad just at the time of the year when it is cold in Britain and when pipes are most likely to burst. As they are away, there is also more chance for damage to be done."

There is also much more to damage, Westlake says. "Ten years ago, if you had a burst water pipe in a kitchen, all you would have had were stain marks and a few wet floors. Now we've got wonderful fitted kitchens, all chipboard and laminated, and they do not like water."

Never houses with better built-in insulation ought then, be a better bet for the household insurers? Not in Sun Alliance's experience. Insulation like this does not justify a discount because, for every pipe that doesn't burst, there is a damage claim from owners who haven't the elbow room they are more likely to find in a bigger, older house. "You find that, in a lot of houses, the builders fit mirrored bedroom wardrobes to make small rooms look bigger... and they get broken," Westlake says.

Records confirm that homes in Devon and Cornwall, the rural areas of East Anglia or in the Scottish Highlands appear to be the properties least likely to be targeted by housebreakers.

"They may not be attended but you just don't get the same number or size of claims that you get in inner city areas," Westlake explains. Homeowners in the wilds can get premiums of 33p for every £100 insured, a quarter of the top quoted rates for those with riskier postcodes.

London is no more of a high-risk area than any other major city, although the concentration of wealth does mean it has more than its share of properties that run off the standard premium chart and where cover can be arranged only after a homeowner has installed an acceptable security system.

Looking nationally, Westlake says: "People are still grossly under-insured because we do have so many things to take account of in household insurances these days." Still, the years of high inflation have had the effect of persuading people to switch to "new-for-old" insurance rather than traditional policies that pay out only on the written-down value of goods after allowing for age and wear and tear. Only 3 per cent of Sun Alliance's household insurances remain on that old basis.

PROPERTY

UNMODERNISED COTTAGE WOLDS barns are sufficiently rare to command significantly more than comparably sized modern village houses, so it is only mildly surprising to see Jackson-Stops & Staff's Cirencester office (0285-3324) has put a guide price of £60,000 on a Grade II listed barn for conversion while it expects that the 17th-century, equally well listed, five bedroom vicarage next door (pictured) is likely to sell for just £150,000.

The Diocese of Gloucester has asked the agents to auction the Cold Aston vicarage and the barn as separate lots. The house has not been occupied for a year, and so the guide price reflects the need for renovation. The barn comes with planning permission for conversion into a three bedroom house.

The high life in London

ments that in Kensington: "The increased supply of flats due to be marketed over the next 12 months, both conversion and new build, suggests the likelihood of a greater increase in house prices than in flat prices—except for those under £250,000, which we believe will still be in short supply."

Overall, the agents say that for 1987-88, "Given a stable economy, we foresee a return on properties over the year, the Kensington office's analysis of property transactions does provide a useful, if necessarily selectively up-market, view of property activity in the area. Its research



CHANGING attitudes to distance look certain to draw plenty of pre-sale bids for Batcombe farmhouse (pictured) in Somerset's Mendip Hills. Standing in 75 acres of land just two miles down the A371 from Cheddar, 21 miles from Bristol, and five miles from Junction 22 of the M5, the farmhouse dates back to 1510 when the lands formed part of the Glastonbury Abbey estates. Built for Abbot Bere, one of the last abbots before the Dissolution in 1536, the eight-bedroom house with 18th-century additions has long been too remote for London buyers and is sufficiently untouched to be in need of full renovation—hence a £220,000 guide price ahead of an auction on Thursday, September 10 at the Bath Arms Hotel, Cheddar. The present enthusiasm for M5-linked properties should inspire interest through joint agents J. H. Palmer & Sons (0278-782228) and Hamblerts (0223-228450).

WAPPING**6 magnificent apartments in refurbished eighteenth century riverside warehouse**

With stunning southerly views over the Thames, each apartment, with more than 2,500 sq ft of living space (4 beds), has been carefully designed and superbly finished.

Part of the dramatic development of Free Trade Wharf by Regalton Properties plc, the scheme offers a superb swimming pool, gymnasium and health spa complex, 24 hour security, secure underground parking and convenient shops and restaurants.

WITHIN 10 MINUTES OF THE CITY
Prices from £450,000 Leasold: 125 YEARS

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**REGENT STREET, WESTMINSTER LONDON SW1**

Within minutes of Parliament Square Westminster Abbey and the Tate Gallery, a small and exclusive development of two and three bedroom apartments, situated within a beautifully landscaped courtyard garden.

All apartments have been superbly finished and are ready for immediate occupation.

Resident Porter, Private Gymnasium, Leasold: 125 Years, 2 bedroom apartments: £172,000 to £210,000, 3 bedroom apartments: £217,500 to £270,000 SHOWFLATS OPEN DAILY: 11am to 6pm Tel: 01-630 9621

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AN EXCLUSIVE DEVELOPMENT OF LUXURY ONE AND TWO BEDROOM APARTMENTS, CLOSE TO HYDE PARK WITH EASY ACCESS TO THE CITY AND WEST END.

The flats all have N.H.B.C. guarantees and have been designed and decorated to exacting standards. ■ New 99 year leases ■ Lock-up garages ■ Caretaker ■ Independent Gas Central Heating ■ Prices from £130,000 SHOW FLAT OPENS 29TH AUGUST AT 4 QUEENSWAY, LONDON W2. 12-6pm Monday to Friday. 11-5pm Saturday & Sunday.

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Period farmhouse with 5 Bedrooms, 2 Cottages, modern Farmbuildings, undulating arable land, woodland and conservation grassland FOR SALE WITH VACANT POSSESSION AS A WHOLE OR IN UP TO 5 LOTS

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WORCESTERSHIRE — WHITE HOUSE COURT, SUCKLEY
VALUABLE GAST HOUSE, COACH HOUSE AND BARNS FOR CONVERSION TO RESIDENTIAL USE
An example of PERIOD FARM BUILDINGS with gardens complete with magnificient rural views over the Malvern Hills and Cotswolds.
OFFERS AROUND £125,000 for the Gas Cottages and 2 further adjoining Open Area Barns (2 units also available for OFFERS AROUND £110,000).
Detailed plans available for inspection from the agents WORCESTER OFFICE
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Edinburgh City Centre 16 miles Glasgow 33 miles A spacious and well appointed modern house in a quiet rural position with superb views across a ploughed valley. Reception Hall, Drawing Room with Dining Area, Study/Breakfast Room, 4 Master bedrooms with en-suite Dressing Rooms, 2 Bathrooms, 5 Cloaks, Central heating, Double glazing, Double garage. Perfectly Well maintained garden. About 4½ acres.

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STAGS

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with far-reaching views
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AT THE FOOT OF THE SOUTH DOWNS, FULKING, WEST SUSSEX
A beautiful listed village house in a picturesque setting. Entrance hall, double drawing room, library/study, large kitchen, cloakroom, utility room and bathroom. 7 bedrooms. Enclosed courtyard with double garage. Detached swimming pool. Small orchard. About 1 acre in all. Offers invited over £120,000.
Apply County House Sales, Savills House, Station Road, Potters Bar, Herts. Telephone: (0702) 2801.

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An exceptional residential and business opportunity, in selected position. High Wycombe 3 miles, London 27 miles. House with 5 bedrooms, 4 reception, 2 bathrooms, cloakroom, Garden and 5½ acres pasture. 2,000 sq ft of traditional barns with potential for conversion to a number of business uses. To Let
For sale over 20 years available
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OSBORNES OAST

Adjoining the Wimble Valley near Burford, Oxford 10 miles. A large period Cotswold stone village house having planning permission for conversion with attached annexe and extra separate accommodation. Gardens and paddocks. About 1½ acre in all.

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Graham Howes traces the big spenders to the great Romantic outburst

Go out and buy

THE ROMANTIC ETHIC AND THE SPIRIT OF MODERN CONSUMERISM
by Colin Campbell. Basil Blackwell. £25.00. 301 pages.

TRADITIONAL explanations of consumer behaviour, past and present, usually draw upon two sets of assumptions. One, from classical economics, sees consumers as subordinate to the essential principles of supply and demand, or as in Glibbrath, as the prisoners of an economic system that depends entirely upon making us acquire things we neither want nor need. The other, more psychological in emphasis, sees us as motivated by a need to keep up with the Joneses while being helplessly manipulated by a battery of hidden persuaders.

Dr Campbell is rightly dis-

satisfied with both explanations, and in this thoughtful and densely argued book he not only tells us why, but puts forward a highly original thesis of his own. In essence it is this. Not merely did the Romantic Movement assist crucially at the birth of modern consumerism, but since the Industrial Revolution it has been the "romantic" rather than the "rational" ingredients in our culture (ie our emotional rather than our material needs), which has provided consumerism with its main dynamic.

His historical starting point directly echoed in his title, is Max Weber's famous study of

"the Protestant Ethic and the Spirit of Capitalism" in the sixteenth and seventeenth centuries. But instead of seeing, as other sociologists have done, modern consumerism as assisting in the final demise of that Ethic by burying it, as it were, under a mountain of credit cards,

Campbell argues for its opposite effect. He shows, on strong evidence, that Protestantism, and especially Puritanism, carried within it not only dedicated industriousness and frugal asceticism, but also two powerful strands of "sentimentalism" and "emotionalism" which converge eventually into the full-blown concern of the English Romantics for the pleasures of feeling. Their final mutation is into what Campbell calls "the autonomous, self-illusions hedonism" at the heart of modern consumerism.

But least persuasive of all is Dr Campbell's version of modern hedonism itself. This he describes as "covert and self-illusions" and through which "individuals employ their imaginative and creative powers to construct meanings which then consume the pleasure they derive from the intrinsic pleasure they provide." A dramatic best described as "day-dreams or fantasising."

But do they? Do we? Surely. But do they? Do we? Sure! But do they? Do we? Sure!

As a piece of straight cultural history this can be set usefully alongside the more empirical explanations of the rise of consumerism in class, population growth, technology and entrepreneurship—but since the Industrial Revolution it has been the "romantic"

rather than the "rational" ingredients in our culture (ie our emotional rather than our material needs), which has provided consumerism with its main dynamic.

Fair. Her constant companions were her colleagues Robert Benchley and Robert Sherwood. Their regular lunches at the Algonquin Hotel led to the formation of "The Round Table at the Algonquin"—or, as some called it, "the Vicious Circle." Among the other members were the staff of Mencken's Smart Set: Franklin P. Adams, Alexander Woollcott and Harold Ross; and Edmund Wilson, Donald Ogden Stewart and Heywood Broun.

Mrs Parker was, according to Marc Connolly—one of the many irregular visitors to the Circle—a riveting presence. She spared no one; she could not be bought. But other people could. When she made her usual cracks about the actress wife of the great Florenz Ziegfeld, she was sacked by his friend Conde Nast, owner of *Vanity Fair*. Without a regular platform, Dorothy's activities were curtailed but not stopped. She became a freelance. Her affairs were by now the talk of the town. One, with Charles McArthur, resulted in an abortion. Mrs Parker was found first to the Convent of the Blessed Sacrament and then to Miss Dan's School for Young Ladies in Morristown, New Jersey. At 17 she left home and, with a small allowance from her father, went to live in a boarding house on 103rd Street and Broadway.

She was born a Jewish princess. Her father, J. Henry Rothschild, a prosperous garment manufacturer, was also a man of some quality and learning who lived with his wife, Eliza, their four children and five servants, in a large house on West Eighteenth Street, New York.

When Dorothy was 6 her mother died and her father remarried. The stepmother was a "hollow and brainless" Christian and Dorothy was sent first to the Convent of the Blessed Sacrament and then to Miss Dan's School for Young Ladies in Morristown, New Jersey. At 17 she left home and, with a small allowance from her father, went to live in a boarding house on 103rd Street and Broadway.

In the summer of 1926 she went to stay with Gerald and Sara Murphy in Antibes where she had an affair with, among others, Scott Fitzgerald. Back in New York, she continued to pursue virgins all and sundry.

Her second marriage was to Alan Campbell. This was in 1932 when she had become much admired for her fiction. Hollywood beckoned. Leland Hayward offered her and Campbell a six-picture contract at

\$5,200 a week. It was an offer she could not refuse. She took up residence in the Garden of Allah where Sheila Graham remembers her looking like "a tired Renoir". With rather sparse black hair in sticky-looking bangs on her forehead, Mollie writes, "but love in middle life is like a renaissance and is as strong as anything I have ever known." The larger part of the book is about her life with Butler.

Some of her stories about him may not be widely known. He was apparently capable of carrying a bottle of wine in his trouser pocket without unduly distorting his apparel. He referred to music played on the gramophone as "that curious whining sound". His favourite form of entertainment was the

cinema, to which he and Mollie were always invited to a box at Olympia by the Bertram Mills family. Perhaps it reminded him of politics and the House of Commons.

To Mollie's regret, he had no idea for nor understanding of either Jane Austen or P G Wodehouse. One would have thought that Lord Emsworth would have been right up his street. Mollie's explanation is that, as with music, he never had time to appreciate them. He put Keats above Shakespeare and did not share her admiration for Proust, for whom he had no time at all.

These are details, of course, but precious to know about a man who has so far mainly been written about as a political

figure—perhaps unconsciously—a point that came out in the early part of Anthony Howard's recent biography. It is both difficult and interesting to social conditions of some of the politicians who began to make their name in the pre-war period.

Rab was not rich, but gained a lot from the Courtauld connections. It became natural to him to have several houses

and a fiefdom were an "estate".

He was a visitor to London

in 1952. Rab in power: Budget Day, 1952

Photo: PA

Gardening

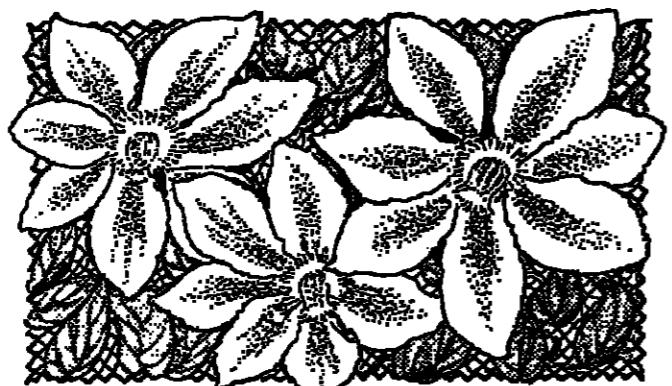
Clematis rampant

AT THE end of summer gardens can become very short of flowering climbers. Rambler roses have a relatively short season, and even the supposedly perpetual flowering climbing roses do not keep going so well as their bush counterparts. Nor is there much to take their place except the late flowering and long-flowering clematis, which can make a considerable impact at this time of year.

For some weeks now Clematis Perle d'Azur has been making a great display in my garden. It has continued to flower long after the purple-flowered rambler rose Veilchenblau, with which it shares a pillar. It is one of the easiest clematis varieties to grow; luxuriant, free-flowering, and not minding in the least if it is quite severely cut back each February or early March. The flowers are light lavender blue, not especially large, but delightful in the mass. I can never understand why it is so difficult to find it in nurseries. High demand is the usual excuse, but surely this should be met with high production? There is no difficulty about propagating clematis with all the mechanical and chemical aids available today.

Nearly all the varieties derived from a wild clematis named Viticella begin to flower in August, and continue well into the autumn. My favourite is Royal Velours, with deep petunia-purple flowers of medium size, very freely produced. In my garden it shares another pillar with the old pink rambler rose Dorothy Perkins. This is also August flowering, so for a while both are in bloom together, but the clematis continues long after the rose. Kermesina is similar to Royal Velours; but there appear to be several forms of it around, perhaps seedlings, differing slightly in depth of colour but all beautiful and worth growing.

The best blue in this group is Etoile Violette. There are also several double-flowered varieties—the subject of much confusion both in description and naming. All have fairly small flowers with numerous sepals—the flower parts which in clematis perform the function of petals. One, at least, is very old, going right back to Elizabethan times; but the best to buy now is Purpurea Plena Elegans, sometimes listed as Elegans Plena. The flowers are purple; not a very bright colour,



Anne Morris

but there are plenty of them, and their unusual shape ensures attention.

There are also some larger flowered varieties which continue to flower well into the autumn. One is Ville de Lyon, arguably the best red clematis.

It is much like Ernest Markham, which has two flowering seasons; the first in June, when the flowers are really big, the second in August and September, when they are smaller but more numerous. I grow it up that excellent climbing rose, Tang Perpetue, with which it blends well.

The nearly pure-white Hulme is another clematis that goes on flowering for a very long time. So do the popular iris-purple Clematis jackmani and its variety Superba. Experts say that Superba is the better of the two because the soil is strongly alkaline. It is frequently said that the best form of this clematis is the one with the awkward name obtusifolia. This may be true, but again I suspect that there is not much to choose, and that what most nurseries sell are seedlings which may vary a little, but not so much as to cause any anxiety, since all are beautiful.

Clematis flammula is a very different plant, making each year an abundance of slender 10 foot stems smothered with very small white almond-scented flowers in September and October. You might think that such a lovely, easily grown plant would be in every nursery, but you would be wrong.

This is one to be obtained from a clematis specialist such as Treasures of Tenbury Wells, Shropshire; Pennells of Lincoln, or Fisk's Clematis Nursery, near Saxmundham, Suffolk. Arthur Hellyer

CHURCHILL'S wartime scientific adviser Lord Cherwell—known as the Prof—and Professor Christopher Hawkes, the archaeologist, dreamed it up over dinner in Christ Church in 1950—"certainly with the fish, perhaps already with the soup." To convince Oxford University and raise funds took time. But the result was Oxford's Research Laboratory for Archaeology and the History of Art, which opened in 1955 under (now Professor) E. T. Hall, who had been a DPhil student of the Prof. It was the first of its type in the world and a unique bridge across the then newly discovered gap of the "two cultures," science and the humanities.

It was the pioneer in applying science to archaeology and art history, and the Prof's beloved child has kept its eminence in the eyes of specialists and laymen. Many new methods have been discovered and refined in the two terrace houses in Keble Road.

Thermoluminescence, for example, illustrates the laboratory's inventiveness. It is in fact a solid state physics technique for dating ancient pottery, which the laboratory uses for authenticity tests on pots and figures on behalf of dealers and galleries—and also for measuring the real amount of radiation that people received at Hiroshima and Nagasaki. To get the best price for a Tang figure, have an Oxford certificate.



cate. The authenticity income (about £140 a test) supports research.

Dating, prospecting and analysing have been the laboratory's themes; the results appear in its distinguished journal, Archaeometry, and at the international archaeometry meetings, which it began.

Having had no science education, I have been led across the Two Cultures Bridge by archaeological science. It is exhilarating and humbling. Each side has to explain its discipline and its problems so that the other side may see how to help. For example, how may a problem concerning the early pottery trade be re-expressed in terms of the relative proportions of trace elements in the clay? By assessing the elements you can "fingerprint"

Bridge across the cultural divide

Oxford is using chemical 'fingerprints' to investigate the past, says Gerald Cadogan



the clay, and so the pots, and assign them places of manufacture and distribution.

One dating method, for instance, puts pottery samples into a cavity within a cryogenic magnetometer containing liquid helium at -269°C ("Do not touch") to test their magnetic intensity. Clay retains a weak remanence of the magnetic intensity of the time it was fired. Once a profile has been made of its intensity over the centuries, it can be used to date new finds in general terms—and so can be another way of checking authenticity.

The proton magnetometer is another Oxford innovation for the archaeologists. Going strong after 30 years, it locates ditches, iron and hearths, and sometimes walls and tombs, which are invisible under the ground. Closely spaced readings give a plan of magnetic anomalies which may then be tested by digging. It is an ideal tool for smooth turf and stone-free soil in Britain.

When the objects have been found, the next question is: where do they come from? And how were they made? Here there is much the eye cannot see. Fingerprinting the chemical composition of pottery and glass—even obsidian, the natural volcanic glass—is done in Oxford by a spectrometer using a nuclear technique (atomic absorption). The method needs a small sample drilled from the core of the object.

X-ray fluorescence (XRF) also detects composition. It is slightly less fine than atomic absorption, but as it pinpoints a spot with X-rays, it does not cause damage to the object—

museum directors prefer XRF. Combined with a scanning electron microscope, it will analyse the different pigments and layers of a painting, or the different enamels in a cloisonné vase.

We reach fascinating and basic questions. How did the Siamese painters know their colours? How did an ancient glazier switch from iron to

farmers, earlier. Dating the first agriculture in the Near East, or the first domestication of animals, or the first men in America, are all AMS programmes. But AMS is equally a national resource that dates the contents and tissue of Lindow Man's stomach, for example, or the leather used to re-bind the Domesday Book.

It is not useful after 1500 BC, which means that the laboratory is not besieged by people with questionable Stradivari but it can help with Chinese eliks, and is the only way to date very small samples.

It has dated a Belgian flint arrowhead from the rear still adhering, and a birch bark cup from Germany—a rare find 9,000 years old. AMS needs only a tiny scrap. A date costs £300, and 57 countries have sent samples. Oxford's goal is 1,000 samples a year.

Another efficient, accurate service at Oxford is TL dating. TL works on the principle that, as a mineral such as quartz is heated, it emits light. The light represents the release of energy, stored in trapped electrons in minerals. That energy was acquired by absorbing nuclear radiation. Measuring the TL will allow absolute dates, with a margin of error of only about 10 per cent.

TL does wonders for very early man, where carbon dating runs out. It has dated Middle Palaeolithic burnt flint from France to 80,000 years ago, and

Upper (later) Palaeolithic from Morocco to 27,000 years ago. And the method has been reversed to Hiroshima and Nagasaki, where the date of 1945 is known, but the real amount of radiation was not.

Financed by the US Department of Energy, the laboratory measured the TL in the quartz of bricks and tiles a kilometre from the epicentre. That showed how much radiation had been absorbed—more than was first thought. Since the cancer incidence is also known, this gives an empirical relationship of exposure to disease. It could not be more important for working out the risks to nuclear power station workers.

Oxford's TL authority has worldwide esteem: 15,000 pieces have been tested, 40 per cent of them Chinese. Overall, 40 per cent have turned out to be fakes (because they do not have the right TL for their age). The US and Paris are the best customers; reliable results represent profit.

But one must know exactly what piece is being sampled. Long ago the laboratory decided to see every piece and do its own drilling (in an inconspicuous place). Before that, one shard could be sent in, tested and found genuine. Then it might grow into a pot!

The laboratory is funded roughly half from the University, and half from SERC grants and authenticity testing. Professor Hall and his deputy, Professor Martin Aitken, both



retire in a few years' time. What then for the Laboratory? They wonder how their between-and-between status will change. They are listed under Archaeology in the professorial roll and not under Physical Sciences.

As I left the laboratory, a dealer called from Paris about a Chinese terracotta female figurine. He was told: "The lady is good."

OPENS SEPTEMBER 8TH

I S S E Y M I Y A K E M A N

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PHOTOGRAPH BY NICHOLAS GEOFREY

LUXURY
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SOFA
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INTERIOR DESIGN
HOME DECOR

DIVERSIONS

Eccentric, eclectic and electric



Drawings: Margaret Keedy

ENGLISH ECCENTRICS, a label that a small group of people have been following ever since it first emerged during its memorable fabrics in London's Kensington Market in 1982, is about to make itself accessible to a much wider market.

On September 5 it opens its own shop at 156 Fulham Road, London, SW3. There, faithful devotees of the English Eccentrics style will be able to buy more than just a length of fabric or a scarf featuring Halley's Comet. Silk boxer shorts, sensuously soft evening scarves, ties, shirts, shirts, raincoats, shoes, scent, wrapping paper—anything, in fact, that takes the fancy of the English Eccentrics team. None of them would ever make or sell anything that they didn't want to wear, own, or look at.

It is this highly personal, idiosyncratic approach to design that gives English Eccentrics its strong sense of identity. Formed from a trio of like-minded designers—Helen Littman (textile designer), her sister Judy (in charge of knitwear) and Claire Angel (res-

ponsible for shapes)—English Eccentrics took its name from Edith Sitwell (it could hardly be more fitting; immensely English, but immensely idiosyncratic). And, remarkably, English Eccentrics is incapable of producing anything tasteless, banal or run-of-the-mill.

It started as a textile company, with Helen Littman producing her innovative fabrics in electric patterns and colours, often using themes drawn from a mythical, allegorical past, sometimes with mystical, supernatural overtones. It turned to making clothes when it saw how traditional and conservatively Helen Littman's fabrics were being used by others.

Today, English Eccentrics oversees everything from the first design of the fabrics to the finished product. The result is as strong and clear an aesthetic entity as I've seen anywhere.

It uses only the finest fabrics (usually silks or cottons, but some linens as well); and its attention to detail is painstaking. Anybody wondering what on earth all this is about should hurry along to

the shop. It is a superb source of presents for men; the range of pyjamas, shirts, boxer shorts, ties, handkerchiefs and scarves, manages to be at once original yet not alarming; looking new, and yet retaining vestiges of classicism. I think they will be.

For women, look out for the soft silk skirts and shirts, the huge silk scarves in magical prints and soft colours, for soaps and wrapping papers and fabrics by the yard.

Design enthusiasts will be interested in the shop's interior. "Imagine a black and chrome shop on an ocean liner which sinks, and then, years later, is washed upon the shore" is Helen Littman's description of the effect Oliver Lockell has achieved.

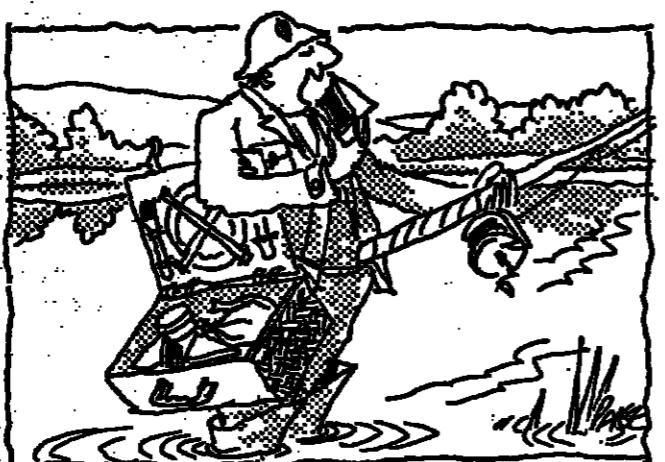


The trio behind English Eccentrics—left to right: Judy Littman, Claire Angel and Helen Littman

Those who can't make it to the London shop might like to know that English Eccentrics clothes are also sold through Cruise, 39 Renfield Street, Glasgow, Scotland; Pierrot, 2 The Square, Richmond, London; Shrimp, 6 Baker Street, Weybridge, Surrey; Trapeze, 50 Regent Street, Cheltenham; Lisa Sterling, 21 Bridge Street, Chester; and Willy's, 15 Lower North Street, Under the Iron Bridge, Exeter, Devon.

Food for Thought

The replete angler's fare



we were, and there were far finer fishermen than I about, by salmo salar and salmo trutta, then recourse to a plate of chanterelles, a bottle of Sauvignon de Touraine and the arms of Morphus is about all that's left to you.

There are those sportsmen who rely on the packed lunch that the hotel/sponsor/friend has dutifully made up for them; ham sandwiches made from old ham with the texture of damp chipboard; beef sandwiches whose resemblance to carpet

was placed before him in dismay, and wondered if someone was playing an elaborate practical joke on him.

His point, if I may paraphrase it, is that if you are going to stand chest-deep in the turbulent waters of the Spey, or standing on Stora's 70ft 20 or more yards within the old 15-footer you need more than a sliver of spam, a few lettuce leaves and a Twix bar to do it on. You need—well, what do you need?

I would contend that the first thing you need is a drink. A couple of bottles thoughtfully popped into the river before kick-off or a few tins of beer treated likewise, can do wonders for the shattered morale.

Then, failing the chanterelles stewed in butter in the sensibly provided frying pan over a small fire, turn your attention to the morning's catch. "The morning's catch," he says lightly. "Ah, fools, I too, have had my hour." Two brace of trout brown trout before mid-day and nothing under 14oz.

It is a sad fact that the trout eaten within two hours of being caught is a different mouthful from that which is eaten even four hours later, let alone 24 hours later. Those of you who want to find out just how



sweet and toothsome a trout can be will have to catch it and cook it there and then, frying or baking it beside whichever river, burn, loch or lough you choose. Such practice is probably frowned on along the man-made reaches of the Test and Kennet, so get thee to the wilder shores of the North and West.

Failing chanterelles and fish which has been known, we are forced to desperate straits. However, the true gourmet fisherman will not be dismayed. He will cheer his despondent companions by extracting from his bag half-a-dozen or so lamb chops, a kidney or two, and a chicken's thigh for the delicate one of the party. A carefully constructed fire, a bit of chicken wire and, hey presto, the rustic barbecue.

In a trice, the lamb chops

will be a heavenly charcoal black on the outside while raw and bloody within, the kidneys will be reduced to superballs and the chicken's thigh will think the chicken thigh fell through the chicken wire.

So you might not be into carbon, blood and rubber. The sensible fisherman will have covered himself by bringing a pie, a large pie. You can't go wrong with pie, can you? Good, solid fare, pie. As long as there's enough to go round, that is Solomon couldn't come up with a satisfactory solution to the great last-piece-of-pie problem. But at least we've laid the foundations, for here is the mub of the problem.

What outdoor sportsmen need above all is bulk, something that will sustain him or her through the long watches of the post-eating period before the next meal. (The same is true of breakfast, incidentally.) At a pinch, half a cold chicken might do instead of the pie. A tomato or three is all the vegetable garnish you need.

Then, while your digestive system is reeling from the pie, batter it into submission with a doorstop of fruit cake, not the grit and gravel commercial variety, but the rich-and-fruity, heavier-than-a-doorstop variety, baked by caring spouses.

Finally, I recommend a good sized lump of fudge from the Toftie Shop in Penrith and a slug of malt Scotch in place of the coffee and petit four.

Now, where's Moby Dick?

Peter Fort

"I LIKE A wee omelette, some charderelles and a glass of wine for ma' lunch," said Alec, the shillie. Perhaps times are changing, after all. You wouldn't have heard that 10 years ago.

It has been a very good year for charderelles in Scotland, apparently, and for capes, too. According to reports, the hillsides have echoed to the triumphant cries in French, Italian and Wallon, as visiting foreigners have gathered in the harvest. Indeed, my most productive moments of three less days on the Spey were spent scrambling about filling my hat with the butter-yellow, waxy fungus to be fried in butter and served as a first course at lunch.

It's a pity that there was no fresh salmon to complement them, but we finished off with a happy pudding of the most delicate and delicious wild raspberries picked on the river bank. Personally, I can take quite a lot of this life in the wild.

Of course, it might suggest to some kind soul that we didn't catch any fish because we spent too much time hogging it and coping with the after-effects.

It is true that, had you wandered up the Tuichan, B beat this August you might have been struck by the numbers of waders in migration. From beneath the bushes and out of the low grass, and you might have come to the conclusion that what you took originally to be the murmur of innumerable bees was, in fact, the muffled snores of the happy angler.

But when you have been as comprehensively humiliated as

Time to sound the retreat



worked executives is peace. Their advancements in Vision, the journal of retreats, which may explain why the National Retreat Centre has been getting an increasing number of inquiries. Although essentially for spiritual reflection, many now also offer painting, poetry weeks, yoga workshops, arts and crafts.

But the main thing they offer timed commutes and over

monastic tracts. I was wrong. The books ranged from Alice in Wonderland to Dick Francis and I settled there happily.

Lunch in the high-ceilinged dining room, cooked by the nuns, was served by two young German women who do so in exchange for English lessons from the budget-minded nuns.

It was mid-week and whereas the weekends are often booked up with groups, there were then only three other people

staying at the retreat.

One young man, a graphic designer, had come for a week to get over a spell in a hospital, to get his thoughts on work back together again. There was a woman deacon, who came there for ten days every year.

And there was a businessman, who lived and worked in Surrey, who had just come down for the day.

"I come here about four times a year," he said. "I get to the point when a day here is the only thing that saves my sanity.

I find the atmosphere incredibly tranquil. I get here about 9 am and can hardly wait to turn in the gate." He had spent most of the morning walking:

the Priory is set in the midst of farming land.

I was asked if I would like to see the library which I half anticipated would be full of

books ranging from Alice in Wonderland to Dick Francis and I settled there happily.

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Having gone there in my usual exhausted state, I came back to London considerably rested, intent on making a return visit. To keep me going meanwhile, I bought a stock of the nuns' lemon balm tea. "For nerves, nightmares, fever, and calming the mind."

The National Retreat Centre is at 24 South Audley Street, London W1Y 5DL, 01-582 5534.

The Priory of Our Lady of Good Counsel is at Sayers Common, Hassocks, West Sussex BN6 9ET. Hurstpierpoint 532901. Daily cost, full board,

at the Priory, £12 plus VAT. A stay of at least two or three days is preferred.

downs. Returning, we decided to go to the Priory church. "I'm not particularly religious," said the businesswoman, "but somehow it ends the day; it's uplifting, the singing of the nuns and the amazing shafts of light through the slate."

The graphic designer said that the first retreat he had been on the previous year had been a much larger one, there was sometimes country dancing in the evenings, and he had been taken aback to be asked to dance by a nun.

Evenings at the Priory are quietly spent in the TV room, the sitting room, or your own room. You could, of course, go out, but there is no point in going to a retreat if you treat it as an hotel. It's for solace of the spirit, not social outings.

Having gone there in my usual exhausted state, I came back to London considerably rested, intent on making a return visit. To keep me going meanwhile, I bought a stock of the nuns' lemon balm tea. "For nerves, nightmares, fever, and calming the mind."

The National Retreat Centre is at 24 South Audley Street, London W1Y 5DL, 01-582 5534.

The Priory of Our Lady of Good Counsel is at Sayers Common, Hassocks, West Sussex BN6 9ET. Hurstpierpoint 532901. Daily cost, full board,

at the Priory, £12 plus VAT. A stay of at least two or three days is preferred.

Joy Melville



Lady Florence Harding

So few wooed by so many



Tracked down by Lady Harding's computer—a sleek city suit for winter by Jean and Martin Pallant.

Caroline Charles in Beauchamp Place, Roland Klein in Brook Street, Jean and Martin Pallant in Thames Ditton, and Arabella Polien on the Avonmore Trading Estate.

For those who really are shorter on time than money, Lady Harding offers many ancillary services. She will come to the office, organise deliveries of clothes, arrange viewings of properties, collect on a video, and deal with subsequent orders and fittings. All these services are extra, but up to six consultations a year are included in the basic £125 a year charge.

If you are short of time, have a four-figure sum to spend on your clothes, and would like help and advice, then I can hardly think of a more sympathetic person to go to than Florence Harding. Contact her at 5 Somerset Square, Addison Road, London W14 (Tel: 01-582 5523).

For those who have designer tastes, but aren't earning "telephone number" salaries, London Clothesline may be more their style. This, too, is computer-based and for a yearly subscription of £25 a year you are sent eight or 10 times a year, a computer print-out of what designer label clothes are available where—at less-than-retail price.

Into the computer go all the details of where cut-price designer clothes can be bought, whether showroom samples, end-of-lines, or simply excess production.

In addition, if you have fallen in love with, say, a Jean Muir, and simply can't afford the full price, then for a search fee of £10, using the London Clothesline will do a special search for you.

Normal clothes on the print-out are available at prices which work out about 50 per cent cheaper than usual retail prices. So, if you're lucky, you ought to be able to recoup the annual subscription with your first lucky buy.

In the course of my test-case consultation we tracked down a little black dress suitable for women of 5 ft 2 in who aren't as thin as they would like to be. The answers came from

L v.d. P

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Nicholas Woodsworth on Henri Matisse, who influenced art from hotel suites

HIGH OVER a sea too blue to be English, in a sunny land that was never part of Empire, stands a palace built for that most imperial monarchs, Victoria. British royal crowns embellish its woodwork and plaster; serried ranks of palm trees stand guard at its entranceway; a marble staircase wide enough for a dreadnought rises from its huge central hall.

But Victoria never ruled from here. Instead a round little man with a white beard, unable to walk, reigned from his bed.

Never was court so unroyal. The invalid's only courtiers were the masks, vases, statues, paintings, gourds and jugs he carefully arranged around him. His sceptre was a six-foot-long bamboo pole with which he drew on the walls surrounding his bed. He exercised power only on images painstakingly created from oils and bits of coloured paper. Henri Matisse's rule extended from the palace throughout 20th century art.

Matisse took up residence in the Hotel Regina in Nice in 1938. Built at the turn of the century when, for her health, it was feared that Queen Victoria would have to spend entire winters on the Côte d'Azur, the palace subsequently became one of the most lavish hotels along the French Riviera. Matisse was a temporary home for a large number of upper-class Europeans spending the winter "season." Genteel strolls along the Promenade des Anglais, receptions in magnificient suites, and evenings spent in ballrooms and casinos were their daily routine.

For Matisse, though, the Regina became a permanent home. No suite was more magnificent than his. Cooling pigeons flew freely from one enormous room to another. In one large chamber, thick tropical vegetation reached towards the ceiling, watered automatically by an ingenious sprinkling system. In another, cages containing over 300 birds imported

Rooms with views



Left: The Hotel Regina in Nice, where Matisse lived. Right: Detail from his 1926 work, "Decorative Figure on Ornamental Background"

from Asia and Africa crowded the walls. In the "chambre claire" there was nothing—it was kept empty but filled every day with pure, clean, Mediterranean light. In sensual splendour fit for an Eastern potentate, Matisse from his bed or wheelchair surveyed the view of Nice and the sea beyond. It talked to his birds, and tended his plants. More important, he painted.

Matisse's unique decorative style sprang from years spent in the opulent atmosphere of Nice's grand old hotels. He had come first to the south of France as a young man, at the turn of the century. A Northerner from grey, rainy Picardy, he was bewitched by Mediterranean light. In the fishing ports of Collioure and St Tropez he began upon what he later called his "rediscovery of expression in colour." His exuberant style of free brushwork and imaginative use of bright, complementary colours, so shocked the critics that they christened the followers of the

new style "fauves"—wild beasts. Fauvism—the first avant garde art movement of the 20th century—was only a first step for Matisse in developing the style for which he became well known. Retaining throughout his life a fascination for colour and light, he disciplined his brilliant palette, and by the First World War had largely abandoned landscapes in favour of seceded interiors. What I dream of," he wrote, "is an art of balance, of purity and serenity, devoid of troubling or depressing subject matter. An art which could be, a source of calm, influence on the mind. It was Matisse's genius that, using the hotels of Nice, he was able to transform what might have been anaesthetic art into great art."

Moving from one place to another, living out of a suitcase, he discovered that the impersonality of rented accommodation provided the perfect setting for the making of his personal, placid, unreal world. Nice's hotels also gave him an ideal environment in which to reconcile the two artistic imperatives that dominated him: the portrayal of intimate subjects—usually female nudes—and the creation of an art form that was abstract and decorative.

Like Renoir, whom he

admired and occasionally visited in his nearby home in Cagnes, Matisse was preoccupied with the female form. While interested in portraying its substance, he admiringly compared the breasts of Antoinette, one of his favourite models, to "two litre bottles of Chianti"—his real challenge was to capture through it "the ideal and the particular" in the personality of his model.

He wrote, in 1939: "The emotional interest aroused in me by them does not appear particularly in the representation of their bodies, but often in the lines or special values distributed over the whole canvas or paper, which form its complete orchestration, its architecture. It is perhaps sublimated sensual pleasure, which may not yet be perceived by everyone." Perceived or not, Matisse's work contains a degree of harmony and beauty that comes only from some sort of inner transformation.

A virtual invalid in 1941, after an abdominal operation, Matisse moved out of the Regina in 1942 when it was seized by the Allies, while much Italian-occupied Nice. In 1949, at the age of 80 he moved back into the large high-ceilinged rooms for a final four-year stay, to design the crowning achievement of his life, the Dominican Chapel of the Rosary.

Working from his bed, he designed everything down to the silver spoons in scale, using his six foot pencil to draw on the walls around his bed. The Chapel was built, and may be visited in the nearby hill town of Vence.

Matisse and his messenger ladies who took rooms there when it ceased to be a hotel. The only tropical plants are a few dried-out cacti in a dusty, glassed-in palm court.

The Regina will have a facelift only when it is developed as a co-operatively owned apartment building. But its calm elegance may still be found in the serene realm created on canvas by Henri Matisse.

probably be better. We are going to look terribly expensive in contrast."

Both he and William Jackson, of the long-established The Scottish Gallery, feel the quality of the galleries taking stands is important. This year there has been an independent vetting committee for Art '87. But to Nicholas Treadwell, another veteran of the art fair circuit, it is a big plus for the fair that there is a vetting committee. "Dealers tend to look after their own interests." He believes one reason why there was no art fair in London for many years was that Cork Street thought it was a fair of its own. "London needs a well-organised contemporary art fair, and art fairs need to be electric."

The new art-speak reveals that British attitudes are catching up with American practices. The era of "corporate art" and the "art consultant" is upon us. But while an American company would automatically appoint an art consultant along with a designer when building or refurbishing an office, there is no regular procedure in this country. About 80-90 per cent of the people Lorraine Hall contacted had no idea who was responsible for buying art within their company. The responsibility may rest with the man who buys the photocopying machines, or with the personnel manager or company lawyer, or is a decision made by the board of directors. Business clients often become private clients, and the fair is also catering for private collectors.

He welcomes PEL as enthusiastic newcomers, and has given the fair his full support. "I don't have great faith in the first few art fairs—and few exhibitions will probably get their money back. But there is always a chance that it will lead to something really necessary and important. Look at the Paris contemporary art fair. I went along to the first fair in 1974—it had a steady venue and a lot of little commercial galleries. Today it has more visitors than any other art fair in the world. Last year 120,000 people went, including the president of France."

Will Mrs Thatcher be attending Art '87?

Art '87 is on at the Business Design Centre, Islington, Thursday, September 10, 10 am-8 pm; Friday, September 11, 10 am-6 pm, and Saturday, September 12, 10 am-4 pm. For a complimentary ticket telephone 01-900 1234.

Susan Moore

more and the museum was packed away late in the 19th century. It has been largely unused until now.

The Clive Collection is shown in just two rooms: one the cabinets of curiosities; the other a reconstruction of Tipu Sultan's painted chintz-covered state tent, with his carved sandalwood throne. The Billiards Room, which has now become the museum, formerly housed a fine collection of stuffed birds, which are now to be found at the end of a tour of the house.

In the past, Powis has been an undivided house; it's magnificent terraced gardens are not as widely known as they deserve to be, but now the combination of attractions will ensure that it draws a larger public. This new venture illustrates the potential of National Trust houses for specialist displays. The idea of showing paintings from the National Portrait Gallery of appropriate period at Montacute and Beningbrough has worked well and suggests avenues for future development. This exhibition was largely financed by a single bequest and, of course, the collection was already awaiting display, but if other joint ventures could be set up, it presents exciting prospects. Perhaps some of the V&A's unseen treasures might be the next candidates...

"Powis Castle" (tel: 0838 4336) is open from 12 to 5 pm, Wednesdays to Sundays, until the end of October, when it closes until Easter.

Gillian Darley

The house of blood

ALTHOUGH Hammer Film Productions was officially formed in 1947, its origins go back to 1913, when a young Spaniard named Enrique Carreras, whose family had settled in London after years of trading in tobacco, bought the first British maximum audience capacity cinema in Hammersmith, which he called "The Blue Hall," setting in motion a number of "firsts" which were to continue throughout the years to come.

Carreras, aware of a weary public hungry for entertainment, seized the opportunity to build a chain of "Blue Halls" in London and Brighton.

Meanwhile, somewhere on the boards, again in Hammersmith, a little-known comic was trying out a double act. William Hinds, working under the stage-name of Will Hammer had teamed up with his partner, predictably called Smith.

Although Carreras and Hinds had spent a great deal of their early working lives in Hammersmith, it was not until the mid-thirties that fate decreed they should meet, and, from that first glance seems an unlikely liaison, a partnership was sealed.

After a disastrous flirtation with a toothpaste venture, which left him bankrupt, Enrique Carreras formed Exclusive Films, a distribution company. When Hinds joined him in 1933, initially purely as an investor, the former was busy showing a collection of American Westerns (very unusual in those days for a British company) as well as a number of prestigious Alexander Korda re-issues.

Although Hammer Film Productions was not officially registered as a company until after the war, both men had already decided that they would commission their own productions as low-budget supporting features. Hinds subsequently contributed his stage-name, Hammer, to head these new ventures so that the two divisions would not be confused, and therefore, technically, the first Hammer film seen in Britain was in 1939 and called "The Public Life of Henry Ninth," based on the historical Charles Laughton classic and thought worthy enough to be distributed by Metro-Goldwyn-Mayer.

The Mystery of the Movie Celeste followed in 1938 and in the same year the most successful pre-war Hammer production, *Song of Freedom*, starring Paul Robeson, with Will Hammer himself taking a small role.

When the companies reformed, it really was a family affair, with Enrique's son James, a Lt-Col in the Army (and now Sir James Carreras), William Hinds' son Anthony, destined to become producer and writer of many future Hammer successes, and later on, Michael, son of James.

James Carreras had many of his father's qualities. A salesman who learned early to give the public what it wanted, he tackled the task ahead in a simple, yet effective way. Hammer needed second features, so why waste time hunting around when a market existed which was already successfully established.

During the post-war period, the British public were glued to their wireless sets, enjoying programmes like *Dick Barton, Special Agent*, *P.C. 49*, and *Life with the Lyons*, so that when Hammer decided to commit these characters to film, the fireside audiences were able to indulge themselves visually in the adventures of their favourite heroes.

James Carreras swore to this day that these second features brought the people in. He remembers when *Dick Barton* was showing alongside *Rodin, Hell*, starring Errol Flynn, and a long queue formed outside the *Tivoli* in the Strand. "As the *Tivoli* was so quiet, the audience was quiet and appreciative, but when the *Dick Barton* music started, a great cheer went up, and you could tell which one they were there for."

With the now enormously prolific output emerging from Hammer, Exclusive slowly



Christopher Lee's immortal 'Dracula'

wound down, making room for films which were being produced in sometimes no more than two weeks, with budgets as little as £40,000. But for the steadily expanding company, the turning point came in 1955, when James Carreras decided to take another major success from the BBC, this time the serial *The Quatermass Experiment*, which, when released, gave the company the international recognition it had deservedly earned.

The Curse of Frankenstein in 1957, the first British horror picture to be made in colour, cost £70,000 and grossed £2,000,000, as did the other

ANN MANN looks
at Hammer Films,
which has just
had a retrospective
television season

gothic triumph "Dracula" in 1958, starring Christopher Lee as the most charismatic Count ever.

Hammer's name was now synonymous with horror and would always remain so. It had become the first British company to make a distinctive type of film which started a world cycle, and it had crashed the American market so successfully that Hammer were making pictures for all the major US studios. In 1968, they received the Queen's award to Industry for three years of production in which they had brought £1,500,000, in dollars, into the UK per year.

Throughout the sixties and seventies, it seemed that they were as invincible as Dracula himself, and in 1971 reached their peak production period, with 10 films completed within 12 months. But nothing lasts for ever, and the cosy family firm was breaking up. The two old pioneers were dead, Enrique Carreras, peacefully in his bed, while William Hinds, the man who always preferred music hall to motion pictures, killed in a

bicycle accident. Anthony Hinds had retired, as had James Carreras, leaving his son Michael with perhaps the most demanding and turbulent years of the firm's history.

When film experts refer to Hammer, they either draw a veil of melodramatic secrecy over its last days of feature film production, or they don't mention it at all. The truth is simple. Hammer went broke. For a company which had never ploughed back its resources into more production, and had once naively—and in retrospect, misguidedly—borrowed from the National Film Finance Corporation and repaid in full, it was a humiliating but nevertheless unavoidable experience.

Even the innovative mind of Michael Carreras could not compete with the 1974 financial crash which almost destroyed the British Film Industry. Nor the television audiences which had doubled since the sixties. Also, there were changes within the genre itself. Gothic was out, realism in, and neither *Dracula* stalking the King's Road nor a powerful Dennis Wheatley plot could challenge *The Texas Chainsaw Massacre*.

In 1980, with the collapse of the last Hammer picture, *The Lady Vanishes*, a well-known industrial company's pension fund which had been its major investor, moved in dramatically claiming the negatives, residuals and most dispiritingly—the name. Since then, the company has been run purely as a television concern from Elstree, by two ex-pen-pushers, although an announcement in the trade press a few weeks ago declared their intention to return the logo to the cinema screen.

Meanwhile, Michael Carreras has a son in the business, who is keeping an eye on the ever-changing market, with a view to rising from the ashes, which pose the distinct possibility that the names of Hammer and Carreras could well end up in competition. Something which grandfather Enrique would never have envisaged but more than likely might have appreciated the challenge.

Machaut to Wolpe

THURSDAY'S double instalment of the Birtwistle-inspired South Bank festival was exemplary: athletic, tough, intricate music with merite air, just what you'd expect Birtwistle to admire. It left room

for a clever piece in a more "subjective" mode, *Anthony Payne's Allegro and Hockett*, which carried instant conviction. The latest of the festival's commissioned reworkings of Tipu Sultan remained in close contact with the French, wishing as much as they to see the English out of India, and was made Citizen Tipu for his pains. When Edward Clive routed him at Seringapatam in 1799, however, these connections were of little assistance. Even the jewelled finial from Tipu's throne, in the form of a tiger's head, fell into the hands of Clive.

The cabinets in which the Clive treasures are displayed have been specially designed, carved and painted with motifs of the Anglo-Indian (or Hindu) style. They are taken from Daylesford and Seddington, the two great English country houses in that style. Alec Cobbe's designs give the collection a coherent form; you feel as if you are entering an Indian miniature. The detail is painstaking and even the glass in the cabinets is handmade.

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Gillian Darley

to which Ravel, Roussel and some of their juniors contributed. By current standards, at any rate, strenuous ingenuity is more than

Payne made sterling capital of the ensemble allotted to him, the quintet of reeds and of brass who were on hand for Stravinsky's postwar Mass. Andrew Parrott conducted the Taverner Choir in a tiny, slightly prosaic performance of the Mass: more tightly sprung rhythm can set its lusty praises and devout suspensions in better relief, and so can the irreducible colour of boy-treble voices (good though the Taverner soprano was). The four sopranos of the Taverner Consort gave us Machaut's imperishable *Messe de Notre Dame* with conscious art, and (in the circumstances) aptly interpolated movements of John Cage's *Clarinets Sonata* by the scrupulous Anthony Paye.

Before and after the interval we had Xenakis pieces superbly played by the cellist Rohan de Saram. Nothing less than his passionate involvement can make *Nomos Alpha* seem a convincing performance—after many hearings, I still think that

its theoretical basis remains inaudible, and showmanship has to carry it through. *Kortes* is an earthenly study, with an immediate impact like Xenakis's Greek scene-music, and de Saram's account of it was forcefully persuasive.

For a smallish audience of aficionados, the festival mounted a late-evening performance of Stefan Wolpe's *Enactments for Three Pianos*, which is in certain quarters a legendary work. Wolpe was a Schoenberg pupil, and one who developed (through exile in Israel, and then in America) in severely original ways. *Enactments*, which makes cruel demands upon its piano-trio ensemble, was drafted as what Americans would call a "major statement" of Wolpe's later art. Its realisation by Andrew Ball, Clive Williamson and Keith Williams was musically enough to indicate the lofty scale of its five movements, but too modest to give "a full-blooded dramatic profile. With repetition, their spiky sketch should burst into 3-D colour, and we might discover it to challenge Bartók's great two-piano Sonata.

David Murray

ARTS

FILM FESTIVALS are like a combined arrival-and-departure hall in the great airport of cinema. At the same time as waving fond handkerchiefs at the departing old, we are asked to give violent hugs of welcome to the arriving new. Nowhere has this schizophrenic behaviour been more evident than at Venice 1987.

Valedictory events have included a tribute to Cinecitta Studios, 50 years old this year, and a giant retrospective devoted to Hollywood veteran Joseph Mankiewicz (director of *All About Eve*, *Cleopatra* and Co.). Subjects for future-gazing include the first year as first director for Guglielmo Brighenti (late of *Tornaqua*) and the unveiling of the first ever feature film shot in high definition video, dubbed the system of the future, *Jules and Julia*.

I reported on the making of this Italian-produced movie recently, after a visit to the set where the film sported the title *Borderline*. Alas, "Boredom Line" would be more appropriate for the finished product. Kathleen Turner, Gabriel Byrne and Sting moon through a ludicrous time-travel plot about a widow remonstrating her late spouse. The analogous stars look all at sea. An Italian supporting cast is dubbed in almost literally unspeakable English, and the visuals dimly shimmer as if lit by a failing 100-watt bulb. Lots more work is needed here if this is the shape of things to come as current TV and movie directions almost certainly demand that it is.

Jules and Julia's enfeebled lustre soon gave way to the splendours of Maurice. The director-producer team of James Ivory and Ismail Merchant — purveyors of finely-crafted period pieces, most lately *A Room With A View* — have here gone for E. M. Forster again, fastening on his *Roman Maud* about homosexuality. The film does not, definitely not, have the sunny arcadian feel of its predecessor. And some scenes teeter on the brink of the risible, as when coping with Forster's romantic



From John Huston's last film, "The Dead"

Nigel Andrews at the Venice Film Festival
reports on the good, the boring and
an unashamed tear-jerker

Huston's farewell

daydreams about gamekeepers. With muddy boots and Somerset accent the virile young scoundrel (Rupert Graves) climbs up a ladder into the master's bedroom in the final reel and — desires mesh and classes interlock.

But Ivory's brinkmanship here and throughout is masterly. The film has a choked and elegiac yearning that seems wholly faithful to the pre-war period. (Only a few years ear-

lier, Oscar Wilde had discovered that the love that dared not speak its name could sternly spell out the words "Reading Gao".) And capturing Ivory's usual strong supporting cast — Denholm Elliott, Ben Kingsley, Billie Whitelaw, Simon Callow — are newcomers like the shining scions of Cambridge who graduate into doomed romance.

Though the film is faintly old-fashioned, old-fashionedness has been a virtue at Venice so far. The two prime French entries — Eric Rohmer's *My Girlfriend's Boyfriend* and Louis Malle's *Farewell to Our Children* — are unwaveringly in their respective directors' traditions. Rohmer finds another feather-headed young heroine (Sophie Renouf) to push into romance, via acres of dialogue, wind-surfing, cafésitting, dating, philosophising

and other pre-requisites of the Rohmerian life. The terrain is well-trodden, but fresh charms and surprises still spring up. And Malle's movie is another journey into politically darkened boyhood, like his last French film *Lacombe Lucien*. Here he dramatises his own childhood friendship with a Jewish schoolboy eventually carted off by the Nazis. The fresco of life in a 1940s religious school is vivid and often wittily funny, making all the more poignant, when it comes, the gathering miasma of fear.

No film looks back to the past more pungently than John Huston's last movie, *The Dead*. It looks back not just to the Dublin of 1904 in which James Joyce's original story is set, but to the whole career of this sage old filmic yarn-spinner who kept us entertained for 50 years with everything from Maltese Falcons to African Queens to warring deep-pant Prizzi.

The Dead had almost everyone at Venice with any Irish blood in them going moist-eyed with emotion. Huston's mostly Irish cast (Donald McCann, Donald Donnelly, Maire Keen, Dan O'Herril) traverse Joyce's tragic-funny tale of lost dreams, missed love and memories swapped across the supper table. I have no Irish blood in me and the feelings remained stubbornly unaffected. The film is shot in sepia tones and is respectfully staged. (It was filmed in a California studio except for a handful of location shots.) And the central performance by McCann, as the middle-age who discovers too late his deficient heart, is disarmingly expressive. But at his best — as when the soirée's minor characters chime in with a story, a joke, a reminiscence or a shakily sung Bellini aria — the Huston enchantment works. And in the main female role, McCann's wife, Billie Whitelaw, as the master's torch in a performance of wonderful mischief and magic, quirky range and Celtic poetry and passion.

IT is fitting that the exhibition on currently in Budapest of *The Emperor Sigismund and the Art of His Time* should be staged within the precincts of Royal Buda; for it was Sigismund who ensplendoured the castle and made it into a glittering international centre of political, diplomatic and cultural significance. Hungary has suffered such devastation since the 15th century that it is a miracle that anything of the period can be retrieved and displayed. Modern archaeology and painstaking scholarship, however, have achieved the apparently impossible, and the results have been cleverly assembled by Ernö Marosi and his team.

Sigismund of Luxembourg (1368-1437) was an extraordinary medieval politician and diplomat who began his career by acquiring the throne of Hungary, was elected Holy Roman Emperor in 1411 and added the throne of Lower Austria to his collection in 1431, was bizarrely crowned "Emperor of Rome" by Pope Eugene IV in 1433, and finally succeeded in his long-cherished desire to inherit the Bohemian throne from his brother. He was the second son of Charles IV of Bohemia, a member of the Luxembourg dynasty, and his mother was German. His roots were therefore everywhere and nowhere, and he became adept at manipulating interests and alliances in his favour. The Hungarian throne he secured by marriage, and his other titles and possessions by diplomatic skill and the judicious use of force.

Clearly, he was an exceptional man, and the reproduction of his portrait attributed to Pisanello shows a strong intelligent face with a pronouncedly hooked nose — this aspect of him, and the narrowness of his features, being emphasised in the Dürer portrait done from secondary sources after his death.

He began by consolidating his power in Hungary — but at a heavy price for baronial support — and was sent early to the threat of Turkish imperialism. However, generalship was not one of his skills, and an attempt to stem the Turkish advance ended disastrously at Nikopolis. His later role as Holy Roman Emperor entangled him in Papal politics, and his ambitions in Bohemia led to the Hussite controversy. This led to one of the shabbiest episodes in his career, and one of the most disgusting in the history of the Church; for it was Sigismund who granted Huss a "safe conduct" to come and explain his teaching at the Council of Constance, and did nothing to honour his word when the preacher was thrown into prison, subjected to a mockery of a trial and burnt at the stake. Huss's death brought upon the Emperor the undying hatred of the Hussites and stiffened the resolve of those who opposed his dynastic pretensions in Bohemia.

Another rewarding comparison arises with the EMI version of Chausson's Concert for piano, violin and quartet (7475482), though it's not Viennese. A majestic performance appears not long ago on CBS, with Boleti, Perlman and the Juilliard; the new one by Jean-Philippe Collard, Angustin Dumay and the Muir Quartet is much more specifically French in style.

It lacks the imposing breadth of the earlier account, but it also turns Chausson's occasional lapses into routine rhetoric into deliciously detailed. The Muir players come into their own with a fine, committed exposition of the Quartet Chausson had almost finished when he took his fatal bicycle ride. It is a remarkable and moving work which this disc should make much better known.

David Murray



Sculpture from the Sigismund Exhibition

Kolosvar painted his magnificent Calvary triptych, on loan to the exhibition from its usual home in Esztergom. At the same time, some of the highest quality work of the international gothic style was being done in illuminated manuscripts. There are superb examples on display, such as the beautiful "St Benedict" cut out from an antiphony, which is clearly inspired by the Limbourg brothers, and is the work of a Bohemian master.

Another example of fine craftsmanship may be seen in the ivory saddle inlaid with allegorical scenes relating to the Order of the Dragon. This was more than symbolic significance in the order, for the official view of royalty was that the King was primarily under power among his knights.

The legacy of Sigismund was significant in terms of politics, and consequently in terms of culture, for Hungary. His quarrels with the papes resulted in a loosening of the grip of the church over ecclesiastical appointments, an independence of the Papacy, and even a lessening of church influence in education. Geopolitically, he abandoned Dalmatia to Venice, thus ending a 300-year-long involvement of Hungary in Adriatic affairs.

Sigismund himself had more of an eye for the symbolic and aesthetic value of splendour than a taste for the pedanticities of scholarship. This is well illustrated by his resort to a prelate at the Council of Constance. The cleric complained that the emperor's Latin grammar was not up to much. "Ego sum rex Romanus," replied Sigismund loftily, "et supra grammaticam." ("I am the Roman King, and am above grammar.") The exhibition continues in the Budapest Historical Museum until November.

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Radio

The dodo revived

RADIO 4 gave us an interesting programme on Tuesday about the dodo, first recorded when a Dutch sailor in 1606, last when the Mauritius settlers killed and ate the last one remaining in 1681. There were also dodos on Réunion, not the original *Dodo casulator* but the white *Dodo singularis*, of course, which may have survived until 1683. This was the first programme in a series on extinct birds by Jean-Pierre de Rohan, which will be indispensable to connoisseurs of extinct birds, but was, I suspect, slipped in to draw attention to the repeats now filling the channels (*The Dodo Legacy* being one).

Six of the week's 10 plays on Radio 3 and 4 were repeats, including all three Radio 3 plays. As I said last week, no harm in repeating good stuff, and three of the plays have won prizes either from *Giles Cooper* or *Sony*.

The *Angels They Grow Lonely*, by Gerry Jones, dated from 1983, and I seem not to have written about it. It is a moving short piece about a man who suffers a mental breakdown. First he thinks he is able to fly; then he finds that the doctors are in conspiracy against him; when he loses his job, his illusions take another sadder form and lead to a sad ending. Gerry Jones wrote convincingly about madness and the play was excellently done under Martin Jenkins's direction, with Nigel Anthony as the invalid.

Three hours after *Marriage* was broadcast last year, but I missed it and am delighted to have caught it now. It is a farcical comedy by Guy Pope and Arbutinot, that plays happy tricks with the characteristic 18th-century play suggested in the title. Old Dr. Fossile (Maurice Denham) anxious to beget a son, marries young Mrs Townley (Jenny Funnell). And at once two young actors hovering round her sister Mrs Clinett, an intellectual playwright who can command the company of people like the great critic Sir Tremendous, have a bet on which will make her first.

Each hour after marriage

Mozart graced

on several ASV releases. In Mozart, they respond to the venerable Alexander Schneiders conducting with old-fashioned simplicity and sweetness in the 38th and 39th Symphonies (COE 806) and Symphonies (COE 804) and their winds (on COE 804) are warmly mellifluous in the great B-flat Serenade, K. 361 (though I doubt that Mozart imagined an Adagio so slow). With Paavo Berglund as conductor they deliver a generous programme of 21 Mozart songs with irresistible grace and sympathy. Nothing is indicated or over-dramatised for the sake of variety (most of Mozart's songs are modest pieces), but Shirai captures different moods and manners with sublime, subtlety, wonderful late-evening listening.

The young Chamber Orchestra of Europe figures creditably

in imagination. The incisive hits that Tate ensures for the orchestral parts is unusual in these works, and bracing. Uchida is delectable.

The other Mitsuko who has proved that Japanese artists needn't be mere mimics in Western music is the mezzo Mitsuko Shirai, a Lieder singer among the best, with the advantage of a fine pianist-husband in Hartmut Hall. On Capriccio (10 098) they deliver a generous programme of 21 Mozart songs with irresistible grace and sympathy. Nothing is indicated or over-dramatised for the sake of variety (most of Mozart's songs are modest pieces), but Shirai captures different moods and manners with sublime, subtlety, wonderful late-evening listening.

ASV also presents the Lindsay Quartet in Schubert — "Death and the Maiden" — and the pathognomonic *Quartettatz* (DCA 550) and in Hedin's three op. 54 quartets (DCA 552). Vital intelligence informs their Schubert performances, and the "Death and the Maiden" quartet is continuously exciting. The Lindsay Haydn, arriving in nice time for their Haydn marathon which begins a week today at the Wigmore, has real revelatory flashes. Without romanticising the music (their lean, muscular sound is good insurance against that), they imbue it with passion: fiercely convincing, and liable to make

other readings sound absurdly polite and thin.

Jeffrey Tate reappears on EMI with the Staatskapelle Dresden in an objective, beautifully considered performance of Beethoven's Seventh Symphony (CDC 7 47815 2). It opens majestically, and ends with a surging but coolly controlled Finale. The Scherzo has terrific urgency without haste, and Tate gives a fascinating account of the Allegretto variation-movement instead of weightily significant in the reversed fugal manner. The full recording session is notably full of depth, and the symphony is complemented by the admirable "Consecration of the House" Overture.

Also on EMI is Olga Baer in Schubert's *Die schäf Müller* cycle with Geoffrey Parsons at the piano (CDC 7 47947 2). The precociously mature young baritone is altogether as appealing, thoughtful and cultivated as expected; he has unexpected competition nonetheless in the tenor Josef Protschka's performance with Helmut Deutsch on Capriccio (10 082). Protschka allows himself luster dramatic expression than Baer, and the cycle does gain from the original higher pitch — particularly for the piano: the mill-

MADONNA OR MARADONA

It's no coincidence that the big names are attracted to Wembley. Madonna played the Stadium for three sell-out nights in August and Maradona played for the Rest of the World against the Football League at Wembley Stadium in the same month.

But now Wembley can offer you even more than

the biggest names in sport and show business. Our new hospitality packages are the best way to see any Wembley event, from championship boxing to the best opera singing in the world.

It's first class all the way with special reserved parking, drinks before and after the event in a private bar

superb lunch or dinner; celebrity hosts and escorts to the best seats. (And next year our new executive boxes in the Stadium will be available for yearly rental.)

For details about official Wembley entertainment packages for the Stadium, Arena or Grand Hall, phone Fran Savic on (01) 902 8833. **WEMBLEY WHERE ELSE**

WEEKEND FT

• SPORT •

Medicine/ Michael Thompson-Noel

Very late in the day, Britain finally has its own Olympic Medical Centre



Getting there, slowly

faced when saying that the facilities had been "a little while in coming."

Sir Christopher Booth, vice-patron of the British Olympic Medical Trust, admitted that "the concept of sports medicine is catching on rather late in this country," before adding: "It's a small step we're taking today, as Mac tse-tung said—that's how you get there."

And Charles Palmer, chairman of the British Olympic Association, who is also a key figure in international sports politics, said he hoped that the new centre would help "right the failings of the past" so that Britain could at last help its sportspeople "compete on a more equal footing with our rivals—but nonetheless friends and the Olympic family abroad."

Over the last 10 years, he said, the British Olympic Association had been changing from what some journalists had referred to as an "elite travel agency" into an organisation that sought to support its member bodies properly throughout the four-year period of an Olympiad. What had become clear was that the

sheer tardiness with which Britain has inaugurated its own Olympic medical centre was much on people's minds at the official opening on Wednesday.

The Princess Royal (herself a former Olympic competitor of note) looked suitably prim-

medical back-up available to top British sportspeople compared badly with that available to many of their Olympic rivals.

Ever the diplomat, Palmer conjectured—suavely—that perhaps the reason for this was the excellence of Britain's National Health Service. "It is possible," he said, "that countries without a free national health service more quickly become aware of their sportspeople's needs," adding that he could spend much time describing the marvellous facilities that existed in other countries, but that that would only reflect badly on Britain, which has not his aim.

The starting-up cost of the centre was about £250,000 and it will cost more than £100,000 annually to run. To date, contributors have included the Sports Council (£65,000 initially), Glaxo (£40,000 over two years), the International Olympic Committee (£20,000), the US Olympic Committee's Friendship Fund (£50,000), from the profit made on the LA Olympics) and Adidas (£20,000 for specific research projects), but they need whatever help they can get.

Treatment at the centre is free, though a competitor must be referred directly by a general practitioner, or by a general sports medical officer or authorised representative. Nationally there is an official network of physicians, surgeons and physiotherapists should competitors require treatment closer to home.

The sports injury service alone gives some indication of the sophistication of facilities available at Northwick. An injuries clinic is held every Monday morning. There is an extensive diagnostic radiology department, plus expertise in fibre optic arthroscopy—essential in the diagnosis and management of knee and shoulder injuries. Furthermore, there is a large physiotherapy department consisting of a gymnasium, two hydrotherapy pools and a very experienced staff.

Nor are they slowcoach when it comes to clinical measurement. To quote directly: "The programme of cardiac investigations includes exercise electrocardiography, 24-hour ambulatory ECG monitoring, 2-D echo-cardiography and gated isotope scintigraphy. This uniquely allows studies of both dynamic and static cardiac function."

As Mac said, that's how you get there.

The supposition is that the

Only eight post-war layouts rate among Golf Magazine's 100 greatest courses of the world. Any offers?

BY SOME strange co-incidence, the two leading monthly golf magazines published in the US have chosen to feature in the same issue (September) major articles on the endlessly fascinating subject of golf architecture or course design.

Golf Magazine produces its tried and tested annual listing of the "100 greatest courses in the world," although how a panel of 64 expert and distinguished voters ever achieved a consensus is quite beyond me. Golf's deadly and more successful rival, Golf Digest, however, has come up with a competition open to all armchair architects among its readers that has so riveted my attention that I have already made a specious invention in tracing paper, soft pencils, erasers, a bottle of water colour and sundry brushes.

In 1914 Country Life magazine ran a similar competition for its readers, asking them to design an "ideal two-shot hole." Believe it or not, the winning entry was submitted by a young Scottish surgeon named Alister Mackenzie.

Not surprisingly, Dr Mackenzie left the medical profession some time later, and went on to design several layouts in Golf's current 100 greatest courses, most notably Cypress Point, ranked 4th, Augusta National (5th), and Royal Melbourne (6th). In addition, two of Mackenzie's lesser known but nonetheless brilliant gems—New South Wales, at the mouth of Botany Bay in Sydney (55th), and Crystal Downs in upper Michigan (59th)—are among 12 newcomers to the top 100. Mackenzie has several more in this notable collection.

In the Gold Digest competition, the reader is presented with a tract of land pictured on a topographical map. The land lies in a valley beneath the 17th green at "Designer Hills Country Club" and a sizeable swamp some 500 yards away.

The supposition is that the

course has always been a good one but that it possesses a weak finishing hole. The board of governors is determined to have the club considered as a site for the US Open, and has recently purchased the strip of land in question.

In putting it out to tender, these mythical gentlemen state that "they expect the hole to be spectacular" and are also planning to build a new enlarged clubhouse on a new location overlooking the 18th hole."

Also on the map is a creek that runs through the property in a rough zig-zag pattern down into the bog. There is a steep hillside on each side of the valley, on one of which is planned the clubhouse.

The problems involved are severe and complicated. For instance, the reader is design anything from a three-shot par five to a destined-to-control par three.

He or she can drain the swamp to create a lake, or eliminate all or any part of the creek by piping it beneath the fairway. No expense is to be spared.

The last two sentences have designated 11 particularly splendid trees as "specimen" and competitors are expected to retain as many of them as possible.

The club members obviously want to be able to sit in their new clubhouse and watch play to the 18th green as golfers finish their rounds, so the new 18th green must be easily visible from the clubhouse, or else the proposed building site has to be moved. There must be at least three tee all leading to the same routing to the green—and there you have it.

Having designed one existing golf course, in the early 1970s, St. Cyprien, in the south-west corner of France, on a former marshy tip alongside a salt lake hard by the Mediterranean—hardly an ideal site—the Walter Mitty in me is crying out to follow in Dr Mackenzie's footsteps. The winner of the Gold Digest competition will have his or her design published in the magazine and, more interestingly, will attend the next annual meeting of the American Society of Golf Course Architects in Bermuda, play golf with them, and generally get to be one of the gang.

In the sample entry illus-

Golf Course Design/Ben Wright

A shortage of modern masters



Jack Nicklaus: his Muirfield Village course in Ohio seems very over-rated

Harry Colt and opened in 1922, at last squeezes in 9th place—Sunningdale Old appears at 33—so that the British club claims a singular distinction in being the only one with two courses in the panel's top 10.

The remarkable Ross gets yet another deserved accolade with the elevation of Playngfield, New Jersey, to 9th place. This was the venue of this year's US Women's Open, won by England's Laura Davies, and drew strong support from the entire field. Ross, who moved from his native Dornoch to Pinehurst, North Carolina, early in the century, managed to design or rebuild over 500 courses in America. It is a measure of their quality that Ross has nine courses in the current top 100.

Perhaps the most significant fact that emerges from this detailed study is that only one course in the top 25, Muirfield Village in Dublin, Ohio, designed by Jack Nicklaus and placed 20th, had been built since the Second World War. In my opinion, this course is the size for this month's Ryder Cup match—it is very over-rated. In the second 12 there are, but seven post-war layouts four to the credit of Pete Dye, one to Nicklaus, one to the emerging Tommy Fazio, and one to the late Javier Arana of Spain.

Dye's teeth-of-the-dog course at Casa de Campo in the Dominican Republic is placed 26th, his glorious Harbour Town on Hilton Head Island, South Carolina, is 30th, the Gold Club in New Albany, Ohio, is 38th and Dye's once-notorious Tournament Players' Club at Sawgrass, Florida, is 41st.

My favourite Nicklaus course, Shost Creek, in Alabama, is placed 36th, although I think it is far better than Muirfield. Fazio's Wild Dunes on the Isle of Palms in South Carolina is 49th, and Arana's El Saler, a brilliant public course in Valencia, Florida, is ranked 50th.

I am proud to have been on 86 of the top 100 courses, though ashamed that I have not even heard of some of them. But the fact that only eight post-war courses are in the top 50 is a stunning indictment of modern design. I intend to change all that!

To return to the subject of Golf's 100 greatest courses, I am very impressed by the obvious reversion to traditional standards of design heralded by the elevation of MacKenzie's New South Wales, which opened in 1928, and Crystal Downs (1932). It is similarly encouraging to see Donald Ross's Essex Golf and Country Club in Windsor, Ontario (1929), entering the list in 79th place, and the Arthur Tillinghast-designed Five Farms East course in Baltimore, Maryland (1926), site of the historic Walker Cup tie in 1965 when Clive Clark holed a 20-footer down the last singles match to save it, which comes in at 85th.

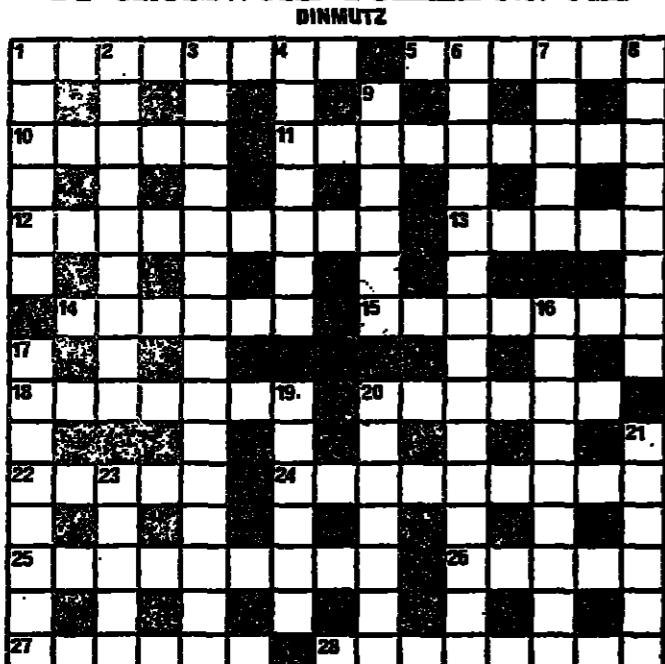
Similarly, the long unfairly overshadowed Sunningdale New course, designed by the great

St. Cyprien in Alabama, is placed 36th, although I think it is far better than Muirfield. Fazio's Wild Dunes on the Isle of Palms in South Carolina is 49th, and Arana's El Saler, a brilliant public course in Valencia, Florida, is ranked 50th.

I am proud to have been on 86 of the top 100 courses, though ashamed that I have not even heard of some of them. But the fact that only eight post-war courses are in the top 50 is a stunning indictment of modern design. I intend to change all that!

FT CROSSWORD PUZZLE No. 6422

DINNUTZ



Prizes of £10 each for the first five correct solutions opened. Solutions to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

ACROSS

- Grey coat changed in class (6)
- Girl for morning lamb, we hear (6)
- Hiding-school mishap (5)
- Line of cows, Eve caught—keeping heads above water (9)
- Newly-wed fit for Nick! (9)
- Stern, for example, applies it to bow (5)
- Firm pastries but imitations (6)
- Convert from sin in respect of title? (7)
- Go a very different way like this traveller? (7)
- In Scotland they greet old announcers (6)
- Name jug that is fresher (5)
- Some allowance is made for one in Chelsea (9)
- Meddling but is overthrown (8)
- Term of two cities in digest form (5)
- Brilliant press-chief in dull environment (6)
- Violate—fashionable ornamental border (8)

DOWN

- Golly, they are contemptible people (6)
- "Irritable over funds"—reported statement in court (5)
- Amassing earth in catchment area (6-6)
- Horsemen surround a group of marauders (7)
- Wrongdoer Potter, a criminal, it turns out (15)
- Guides announced for city (5)
- University in too many changes for right to self-government (3)
- Local grooms? (6)
- From Ireland, an unusual synthetic hormone (9)
- Plain song in late service? (8)

SATURDAY

t indicates programmes in black and white

BBC1

- 8.30 pm The Family News. 8.35 Dogtanian and the Three Musketeers. 9.00 It's Wicked! 10.15 Grandstand. 10.15 Cricket. 12.45 pm Athletics. 1.00 News. 1.30 Film, "Food Fight". 1.25 Cricket. 2.15 Handball. Racing. 2.20 Cricket. 2.45 Haydock. Racing. 2.50 Cricket. 3.30 Evening/Athletics. 3.45 Haydock. Racing. 3.50 St. Eustace. 4.00 Minutes. 4.15 Australian Rules Football. 4.30 Rob's Full House. 7.25 Bargain. 8.30 News and Sport. 9.10 Film, "Risky Business". 10.15 Opinion. 10.30 A Full Life. 11.00 The Mississippi. 12.00 Sea War. 12.30 The Story. 17.00 Film, "The Last Days of Pompeii". 18.00 News. 18.30 Film, "Up the Front" starring Frankie Howerd.

BBC2

- 2.15 pm Network East. 2.25 Cricket: The NatWest Bank Trophy Final. 7.20 News. 7.30 Film, "The Fall Guy". 7.45 Cricket. 8.00 The Three Musketeers. 8.15 The Fall Guy. 8.30 Cricket. 8.45 Handball. Racing. 8.55 Cricket. 9.00 News. 9.15 Wales

10.00 am What the Papers Say. 10.15 Opinion. 10.30 Sea War. 11.00 The Mississippi. 12.00 Sea War. 12.30 The Fall Guy. 12.45 pm Athletics. 1.00 News. 1.30 Film, "Food Fight". 1.25 Cricket. 2.15 Handball. Racing. 2.20 Cricket. 2.45 Haydock. Racing. 2.50 Cricket. 3.30 Evening/Athletics. 3.45 Haydock. Racing. 3.50 St. Eustace. 4.00 Minutes. 4.15 Australian Rules Football. 4.30 Rob's Full House. 7.25 Bargain. 8.30 News and Sport. 9.10 Film, "Risky Business". 10.15 Opinion. 10.30 A Full Life. 11.00 The Mississippi. 12.00 Sea War. 12.30 The Story. 17.00 Film, "The Last Days of Pompeii". 18.00 News. 18.30 Film, "Up the Front" starring Frankie Howerd.

BBC3

- 9.00 pm News. 9.15 Articles of Feud. 9.30 Film, "The Fall Guy". 9.45 Cricket. 10.00 News. 10.15 Cricket. 10.30 Film, "Food Fight". 10.45 Cricket. 11.00 News. 11.15 Film, "The Fall Guy". 11.30 Cricket. 11.45 Handball. Racing. 11.55 Cricket. 12.00 Cricket. 12.15 Cricket. 12.30 Cricket. 12.45 Cricket. 12.55 Cricket. 13.00 Cricket. 13.15 Cricket. 13.30 Cricket. 13.45 Cricket. 13.55 Cricket. 14.00 Cricket. 14.15 Cricket. 14.30 Cricket. 14.45 Cricket. 14.55 Cricket. 15.00 Cricket. 15.15 Cricket. 15.30 Cricket. 15.45 Cricket. 15.55 Cricket. 16.00 Cricket. 16.15 Cricket. 16.30 Cricket. 16.45 Cricket. 16.55 Cricket. 17.00 Cricket. 17.15 Cricket. 17.30 Cricket. 17.45 Cricket. 17.55 Cricket. 18.00 Cricket. 18.15 Cricket. 18.30 Cricket. 18.45 Cricket. 18.55 Cricket. 19.00 Cricket. 19.15 Cricket. 19.30 Cricket. 19.45 Cricket. 19.55 Cricket. 20.00 Cricket. 20.15 Cricket. 20.30 Cricket. 20.45 Cricket. 20.55 Cricket. 20.55 Cricket. 21.00 Cricket. 21.15 Cricket. 21.30 Cricket. 21.45 Cricket. 21.55 Cricket. 22.00 Cricket. 22.15 Cricket. 22.30 Cricket. 22.45 Cricket. 22.55 Cricket. 22.55 Cricket. 23.00 Cricket. 23.15 Cricket. 23.30 Cricket. 23.45 Cricket. 23.55 Cricket. 23.55 Cricket. 24.00 Cricket. 24.15 Cricket. 24.30 Cricket. 24.45 Cricket. 24.55 Cricket. 24.55 Cricket. 25.00 Cricket. 25.15 Cricket. 25.30 Cricket. 25.45 Cricket. 25.55 Cricket. 25.55 Cricket. 26.00 Cricket. 26.15 Cricket. 26.30 Cricket. 26.45 Cricket. 26.55 Cricket. 26.55 Cricket. 27.00 Cricket. 27.15 Cricket. 27.30 Cricket. 27.45 Cricket. 27.55 Cricket. 27.55 Cricket. 28.00 Cricket. 28.15 Cricket. 28.30 Cricket. 28.45 Cricket. 28.55 Cricket. 28.55 Cricket. 29.00 Cricket. 29.15 Cricket. 29.30 Cricket. 29.45 Cricket. 29.55 Cricket. 29.55 Cricket. 30.00 Cricket. 30.15 Cricket. 30.30 Cricket. 30.45 Cricket. 30.55 Cricket. 30.55 Cricket. 31.00 Cricket. 31.15 Cricket. 31.30 Cricket. 31.45 Cricket. 31.55 Cricket. 31.55 Cricket. 32.00 Cricket. 32.15 Cricket. 32.30 Cricket. 32.45 Cricket. 32.55 Cricket. 32.55 Cricket. 33.00 Cricket. 33.15 Cricket. 33.30 Cricket. 33.45 Cricket. 33.55 Cricket. 33.55 Cricket. 34.00 Cricket. 34.15 Cricket. 34.30 Cricket. 34.45 Cricket. 34.55 Cricket. 34.55 Cricket. 35.00 Cricket. 35.15 Cricket. 35.30 Cricket. 35.45 Cricket. 35.55 Cricket. 35.55 Cricket. 36.00 Cricket. 36.15 Cricket. 36.30 Cricket. 36.45 Cricket. 36.55 Cricket. 36.55 Cricket. 37.00 Cricket. 37.15 Cricket. 37.30 Cricket. 37.45 Cricket. 37.55 Cricket. 37.55 Cricket. 38.00 Cricket. 38.15 Cricket. 38.30 Cricket. 38.45 Cricket. 38.55 Cricket. 38.55 Cricket. 39.00 Cricket. 39.15 Cricket. 39.30 Cricket. 39.45 Cricket. 39.55 Cricket. 39.55 Cricket. 40.00 Cricket. 40.15 Cricket. 40.30 Cricket. 40.45 Cricket. 40.55 Cricket. 40.55 Cricket. 41.00 Cricket. 41.15 Cricket. 41.30 Cricket. 41.45 Cricket. 41.55 Cricket. 41.55 Cricket. 42.00 Cricket. 42.15 Cricket. 42.30 Cricket. 42.45 Cricket. 42.55 Cricket. 42.55 Cricket. 43.00 Cricket. 43.15 Cricket. 43.30 Cricket. 43.45 Cricket. 43.55 Cricket. 43.55 Cricket. 44.00 Cricket. 44.15 Cricket. 44.30 Cricket. 44.45 Cricket. 44.55 Cricket. 44.55 Cricket. 45.00 Cricket. 45.15 Cricket. 45.30 Cricket. 45.45 Cricket. 45.55 Cricket. 45.55 Cricket. 46.00 Cricket. 46.15 Cricket. 46.30 Cricket. 46.45 Cricket. 46.55 Cricket. 46.55 Cricket. 47.00 Cricket. 47.15 Cricket. 47.30 Cricket. 47.45 Cricket. 47.55 Cricket. 47.55 Cricket. 48.00 Cricket. 48.15 Cricket. 48.30 Cricket. 48.45 Cricket. 48.55 Cricket. 48.55 Cricket. 49.00 Cricket. 49.15 Cricket. 49.30 Cricket. 49.45 Cricket. 49.55 Cricket. 49.55 Cricket. 50.00 Cricket. 50.15 Cricket. 50.30 Cricket. 50.45 Cricket. 50.55 Cricket. 50.55 Cricket. 51.00 Cricket. 51.15 Cricket. 51.30 Cricket. 51.45 Cricket. 51.55 Cricket. 51.55 Cricket. 52.00 Cricket. 52.15 Cricket. 52.30 Cricket. 52.45 Cricket.